

Our business is merging
our business. Successfully.

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE F.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Pes.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Paisley
Man
gains
support

Millitant elements within the New Defence Association were reported to have voted support for the Rev. Ian Paisley's 'Ulster' plans in the hope of forcing a confrontation with the British Government. Mr. Paisley, Northern Ireland Secretary, returned to Belfast on Monday to face the new test to his security policy. Anticipating the appearance of a vigilante patrol on the streets of the province, Paisley's security forces remained on high alert with yesterday's attack on a married couple—they are Royal Constabulary reservists—killing the total of police in the province to 60, with a further 13 killed. The wife was the second woman to be shot and killed in the past three days. A husband escaped injury. In Newry, Co. Down, yesterday afternoon five shops were damaged by a car bomb. There were no casualties. An area had been cleared after a tip-off that the car contained 6 lbs. of explosive. Meanwhile, a new Anglo-Irish wall to block a legal escape route to the Republic and Britain is due to begin operating next week.

Last kills 2 at Tel Aviv airport

Two people were killed and many injured when time-bombs exploded in the arrivals hall of Tel Aviv International airport on Tuesday. The Popular Front for the Liberation of Palestine claimed responsibility. Middle East news, Page 8.

Protests at Concordes' return

Several Aviation Administration level readings—comparing favourable with those of sub-jets as British Airways and France Concorde aircraft left London on their return to Paris yesterday. The return of the Concorde to Paris yesterday stirred up fresh protests.

Teaching jobs dispute worsens

About 16,000 people were last at occupying colleges in support of the National Union of Teachers' dispute against the Government. The union claimed, in addition to teacher colleges, the occupied premises were said to include eight other institutions. Feature Page 21.

Well probe

Foreign and Commonwealth Affairs has launched an investigation into the leak to Mr. Enoch Powell of the United States report on the South of the Channel report on immigration was the basis of his Commons attack on Monday. Back Page.

Leftly...

Government is not to implement its proposed child benefit in full, Mr. David Ennals, Minister of Social Security, told Commons. Back Page.

Companies

● **BOOKER MCCONNELL** is to be paid about £10m, as compensation for the nationalisation of its trading assets in Guyana. Page 9 and Lex.

IEF PRICE CHANGES YESTERDAY

ices in pence unless otherwise indicated	
12pc 93 "A"	291 1/2
12pc 93 "B"	291 1/2
12pc 93 "C"	291 1/2
12pc 93 "D"	291 1/2
12pc 93 "E"	291 1/2
12pc 93 "F"	291 1/2
12pc 93 "G"	291 1/2
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12pc 93 "Y"	291 1/2
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BUSINESS

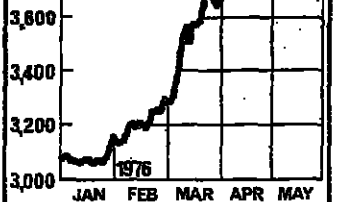
Wall St.
still weak;
equities
up 1.6

● **WALL STREET** made a late recovery helped by bargain hunting, closing 0.16 ahead at 971.69, after being down 5.80 at 2 p.m.

● **EQUITIES** were marked down initially, partly because of the Wall Street setback on Monday, but recovered in the absence of selling. The FT 30-Share Index rose 1.6 to 399.0.

● **GILTS** made a technical rally after the recent sharp setback and rose 0.22 to 62.52.

● **METAL** prices advanced, with the cash price of standard



grade tin rising £33.5 to £4,241—only £4 below the record price on September 4, 1974.

● **STERLING** fell 85 points in thin trading to close at \$1.7860. But the pound's trade-weighted depreciation narrowed to 35.5 (35.6) per cent, while the dollar's narrowed to 1.47 (1.55) per cent.

● **GOLD** fell 25 cents to \$124.625.

● **U.S. TREASURY** bill rates rose to their highest level in six months at this week's auctions: Three 5.495 (5.250) per cent. Sixes 5.908 (5.726) per cent.

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● **MACHINE TOOLS** worth £100m, will be ordered by Poland before the end of the year, with the first contracts expected in a week or so. The business comes just in time for the U.K. industry, which has seen orders on hand shrink badly. Back Page.

● **OFFSHORE** exploration licences in the next round are likely to include new areas in the Celtic Sea, Irish Sea and Western Approaches. Page 11.

● **MIDLAND BANK** has submitted proposed higher charges to the Price Commission. Page 9. Banks should avoid equity investment and continue to concentrate on short-term lending, says Sir Eric Faulkner, Lloyds Bank chairman. Page 11.

● **STOCK EXCHANGE** Council is expected to decide on June 8 whether to accept a recommendation to introduce a new market in traded options, perhaps jointly with Amsterdam. Back Page.

● **PAY PACT** received more union support from postal workers, boilermakers, and the Electrical and Plumbing Trades Union. Page 13.

● **BOOKER MCCONNELL** is to be paid about £10m, as compensation for the nationalisation of its trading assets in Guyana. Page 9 and Lex.

● **REED INTERNATIONAL** pre-tax profit dropped to £37.4m (£58.4m) in the year to March 31. Page 23 and Lex.

Opposition builds up in Parliament

Foot promises extra Assembly powers

BY RICHARD EVANS, LOBBY EDITOR

INCREASED POWERS for Scottish and Welsh Assemblies announced by Mr. Michael Foot, Lord President of the Council, yesterday failed to quell the formidable opposition now building up in Parliament to the Government's devolution proposals.

The major changes proposed by Mr. Foot, who took over responsibility for devolution from Mr. Edward Short two months ago, are for responsibility for the Scottish and Welsh Development Agencies to be transferred to the Assemblies, and the elimination of veto powers by the Scottish Secretary of State at Westminster.

Instead, any doubts about the legal validity of Scottish Assembly legislation will be resolved by the Judicial Committee of the Privy Council. The U.K. Government would, therefore, have no power to reject Assembly Bills on these grounds.

Despite the changes, made by Mr. Foot to meet criticisms of the White Paper from a wide range of opinion in Scotland, there was dramatic evidence that the devolution legislation will face opposition from the ranks of the House of Commons and Labour backbenchers.

But Mr. Foot made it clear that the Government is determined to force the massive Bill of over 100 clauses through Parliament during the next session, no matter how fierce the opposition.

The legislation will be introduced in November, and allowed 30 days for its Commons stages. If it becomes law in the summer, elections for the assemblies will be held next autumn. If Royal Assent is delayed until the spill-over period in the autumn, elections will be delayed until the spring of 1978.

The major question-mark over the legislation is how far Labour opponents of devolution will be prepared to go to defeat the Bill. The legislation will be made an issue of confidence by the Government and there will be the potent threat that its defeat would mean an immediate General Election.

Ministers continue to insist that unless the Bill becomes law, the state of opinion in Scotland is such that the full break-up of the U.K. would become much more likely. At present, up to 30 Labour backbenchers are regarded as potential rebels on the grounds that the proposals are a step towards the Tory front bench nationalist pressures or because they believe insufficient notice

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MR. FOOT... determined to force Bill through.

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Shipbuilding Bill faces challenge

BY PHILIP RAWSTORNE

THE GOVERNMENT'S Bill to nationalise the aerospace and shipbuilding industries was thrown into serious jeopardy last night.

A ruling by Mr. George Thomas, the Speaker, today may decide whether the legislation must be abandoned.

The threat of a major setback to the Government's programme was raised yesterday when Mr. Robin Maxwell-Hyslop, Tory MP for Tiverton, challenged the procedure under which the Bill is being conducted.

Mr. Eric Varley, Secretary for Industry, and Mr. Michael Foot, Leader of the House, were later called from the Commons chamber for talks with the Speaker.

Then Mr. Foot announced that the Government would not proceed with the first of the three-day debate scheduled for the Bill this week. Amid cheers from Tory MPs, he said that Mr. Thomas would rule on Mr. Maxwell-Hyslop's challenge today.

The Tory backbench had said that though the U.S.-owned Marathon Shipbuilders (U.K.) fulfilled the criteria on which other shipbuilding companies were being nationalised, it was being left in private ownership.

This differential treatment of similar companies meant, he claimed, that the Government's Bill should have been treated as a "hybrid measure".

Under the Commons Standing Orders, a special procedure is laid down for such legislation. It has to go before a select committee which considers petitions against the Bill from interested companies and individuals who may be represented by counsel. Mr. Maxwell-Hyslop formally presented a petition last night against the Bill from a shareholder of Yarrow Shipbuilders, doing the Bill.

one of the companies being nationalised. His case is that the Clydebank yard of Marathon had built over 15,000 tons of shipping on the river Clyde from 1945 to 1974, and at that time was building a vessel, the *Key Victoria*, thus meeting two of the nationalisation criteria laid down in the Bill.

Ministers say that the *Key Victoria* is not a "ship" but an "oil rig" and it is on this issue that the Speaker's ruling today will hinge.

If the ruling goes in Mr. Maxwell-Hyslop's favour there appears little doubt that the Bill, which has already spent a record 58 days in committee, would have to be returned for examination by a select committee.

The delay would effectively prevent the Government from setting the legislation on the Statute Book this session. And with a greater part of next session already pre-occupied by the Government's prospects of re-introducing the Bill could appear negligible.

Jubilant Tories

Mr. Varley and Mr. Foot were considering last night at a meeting with Mr. Michael Cocks, the Government Chief Whip, various possible moves to avert a major setback to their programme.

Jubilant Tories appeared confident that the Government would have to concede defeat. Mr. Maxwell-Hyslop said: "Today's proceedings have been very satisfactory against the Bill from interested companies and individuals who may be represented by counsel. Mr. Maxwell-Hyslop formally presented a petition last night against the Bill from a shareholder of Yarrow Shipbuilders, doing the Bill."

Dearer oil likely

AS OIL Ministers of the Organisation of Oil Exporting Countries (OPEC) arrived in Bahrain for their meeting which begins tomorrow, a consensus was emerging for a rise in crude oil prices. Iraq has announced that it will seek a 15 per cent. rise, while Venezuela has said that it expects 10 per cent.

This is likely to put pressure on Saudi Arabia whose Oil Minister, Sheikh Ahmed Zaki Yamani, has pressed for a price freeze. But according to the Kuwaiti newspaper *al-Sayassah*, Saudi Arabia and Iran have agreed in Tehran that crude oil prices should increase by 5 per cent. in the second half of this year.

In Caracas, the Venezuelan Finance Minister, Mr. Hector Hurtado, introduced a new element by saying that, if the UNCTAD meeting in Nairobi failed to reach agreement, there would be more pressure on OPEC for a price rise.

On debt relief, Germany has also moved some way to meet the demands of the developing countries who are all prepared to offer to start negotiations for a common fund in the light of progress made in hammering out individual commodity agreements. By a "common fund" however, most of the OPEC members mean a clearing house system rather than the sort of fund envisaged by the developing countries.

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De-stabilisation— currency style

BY C. GORDON TETHER

BRITAIN is, of course, a very different kettle of fish from Jamaica. And the fact that Mr. Manley has the Jamaican Prime Minister has in common with a number of the heads of other Caribbean countries—recently been complaining that internal elements are collaborating with external ones to destabilise the Democratic Socialist Government might not seem to have much significance for this country.

In the sense that there is little evidence of Britain having been subjected to the kind of outside interference Mr. Manley cited in support of his charge, it probably hasn't. But there is another sense wherein it could be of considerable relevance to the circumstances in which we find ourselves. For there is no doubt that the growth of international monetary turbulence has made countries in weak payment positions much more vulnerable to what is potentially the most effective form of destabilisation of all—exchange market activity aimed at undermining their currencies. And Britain is particularly a particularly tempting target for such nefarious activity.

Too serious

It is common ground that the recent tumble in the £ has had the effect of reducing it to a level that materially under-values it. But when the British authorities are asked to explain how this has come about, they put the responsibility on that highly anonymous institution known as "market forces." And apart from expressing the view that this nebulous powerbase has not it all wrong and will duly pay the price for this by burning its speculative fingers, they will go no further.

Yet the fact is that the consequences for the home population of unwarranted falls in currencies of the kind recently experienced by the £ and the lira are far too serious to dismiss the causation as a matter of no great practical importance. And given the fact that our highly sophisticated international banking centre can call on all the technical resources of the computer age to throw light on this dark subject, it ought to be possible to do a lot better than that.

Needless to say, currency destabilisers will go to a great deal of trouble to cover their tracks. But it is possible that a careful look into the nature of the selling waves that have hit the £ in

recent weeks would throw a good deal of useful light on their motivation. And it is not difficult to see that there are a number of purposes that the attacks on the £ could have been designed to serve.

To begin with, they could be aimed at cheapening the cost of investment in the U.K. by swinging the exchange rate in favour of those who are transferring the money—in other words, making it possible to buy up British assets on the cheap.

Information

For another, they could be aimed at adding to the country's economic difficulties to leave it more exposed to foreign interference. And if this seems far-fetched, it should be pointed out that much of the international bribery and other forms of corruption that have recently been hitting the headlines were aimed at influencing the behaviour of the afflicted countries' political situations. There is no obvious reason why such activity should stop short of exploiting international currency market turbulence to the same end.

It is to be hoped that the discovery that the floating rates orgy provides a great deal of scope for international financial, economic and political manipulation of the worst kind will play its part in encouraging the peace-loving countries to launch an international monetary stabilisation exercise sooner rather than later. In the meantime, countries that are particularly exposed to activity of this kind will have to pay far more attention to this aspect of their external affairs than they have in the past.

One reason for this is that governments have a duty to provide their people with much more information on the reasons for the behaviour of their currencies if they want to enlist their support in defending them. Their recent heavy fall in the value of the £ was made to play a considerable part in getting the co-operation of the trade union movement in the new extension of the incomes policy.

Many sections of the population are being asked to make large sacrifices in standard of living terms in connection with the implementation of that policy. They have a right to as much information as the Government can provide them with as to how that fall in the £ came about—not least so that they can see whether different exchange market policies or tactics could have prevented it.

RACING

Creetown is poised to win

CREETOWN, who has been maintaining smart form since two unplaced runs at Cagney-sur-Mer in January and February, returns to Brighton, where he won the Conflans Handicap six weeks ago, for today's feature event, the £2,000 Flanagan and Allen Handicap.

Although he is set to concede between 22 lb and two stones to his four opponents here, Peter Cooper's handsome Tower Walk colt seems poised to regain winning form after recent placed efforts at Kempton and Thirsk.

I expect to see him break fast and make all the running in the hands of Joe Mercer and win the main prize of the progressive Briarwater from Mick Mason's nearby Lewes establishment.

Another race which could fall to the popular Newbury-based jockey, who so successfully combines farming with racing, is the six furlongs Clayton Stakes. Here, Mercer partners Sireek a close fourth behind Overturn in the Crocker Bulteel Handicap at Ascot on the 1st of this month.

Streak, one of last season's better sprint handicappers, better jockey, who so successfully combines farming with racing, is the six furlongs Clayton Stakes.

SALEROOM

No buyer's premium pays off

THE DECISION by Phillips, the No. 3 London saleroom, not to introduce a buyer's premium last autumn when Sotheby's and Christie's re-juggled their commission rates has paid some big dividends. At the Big Two, buyers now pay a 10 per cent commission fee, but at Phillips they do not.

This "situation has given Phillips a lot of extra business," demonstrated in yesterday's £78,600 sale of clocks and furniture, in which only 3 per cent of the lots were unsold.

Top price of £3,800 was paid for a George II walnut bracket clock by Samuel Whitehead of London. Some 70 clocks accounted for £43,400. They included a superb late 17th century marquetry longcase clock by Christopher Gould, which went to Dorlings for £3,400 (estimate £2,000) and an early 18th-century longcase regulator clock by Arnold and Dent, bought by Nielsen for £2,700, £700 above the most optimistic pre-sale estimate.

Phillips reported keen international bidding throughout the crowded sale, and Ciancimino paid £1,450 (estimate £1,000) for a set of eight 18th-century Chinese hardwood chairs. A surprise £880 was paid by Morse for

an 18th-century oak refectory table, indicative of the continuing demand for oak.

In a £54,533 sale of jewellery, Blenheim paid £3,400 for a French silver gilt chalice.

At Sotheby's the second part of a sale of printed books. Con-

BY MICHAEL THOMPSON-NOEL

ambitious

Chelsea Flower Show still conjures up those graded banks of water-worn limestone planned in harmonious patterns which sum up the ambitions of so many visitors. I wonder whether those classic rock-garden still strike a chord in many visitors' hearts. They belong to an Edwardian time which lingers on in the hints in gardening dictionaries, and I fear that they will encourage a reprehensible fashion. Few gardeners, of course, would try to copy these small mountain landscapes in their own gardens, but the time stone is still valued part of a "proper" rock-garden in many unsuspecting town and suburban gardens. Often the dirt in a town atmosphere whitens the "West" moorland stone which garden centres offer, or imitate, following the trail of the Chelsea ideal. Bleached stones are not to my taste, and before you add a natural water-worn rock walk to your garden, I would ask you to consider this natural stone's origin.

Each water-worn rock garden strikes one more blow at our natural outcrops of limestone, but risk the Star Grotto, to which I referred last week, and be sure that it has rich soil.

Others may attempt the sky-blue variety called Farren; a most obliging plant with me in September, and quite extra-

BY DOMINIC WIGAN

knock the rock

visiting which the stone is ripped by mechanical diggers, are of great geological age and importance, and deserve to be preserved in their own right.

Lists of the best natural pavements are sent to the County Planning Authorities and, as the digging of limestone—usually depends on planning permission, attacks on the better outcrops are now prevented. But smaller outcrops are still under attack, and there is no stopping the enthusiasts who pick up loose stones for sale or use in his own garden.

When you look at a show rockery, square a thought for the rocks which have been plundered for this conventional fashion. Perhaps you will question the fashion, too, for often see banks of limestone obediently piled up in suburban gardens where they are remarkably incongruous.

Respect for these natural outcrops should not lead to a fashion for mock rockery, the world of both worlds. If you live in an area of natural stone, use your local variety. If you do not, refrain from using stone at all. Alpines will grow very well in a raised bed if the drainage is sharp. The earth can be covered with gravel which will keep in the roots of the damp and allow the roots as cool a run as among stones.

What, then, might you like to grow? I assume that you are not interested in the ordinary pretty flowers. You want something that you will want something easy, bright and unusual. Choose the ten less common alpines which have given me most pleasure and interest. They would begin rather ordinarily with two Alyssum. I do not include the mustard-yellow Alyssum, for all its brightness in April.

I prefer two easy relations, one called Dudley Neville which is buff-coloured in flower, the other called Saxatile Citrinum, which is lemon-yellow. They flower abundantly and will increase quite easily from cuttings. A dry sunny wall suits them, but they are not always long-lived. Their colours match most charmingly. I would accompany them, of course, a Gentian, but as the Gentians are temperamental in these gardens, the late summer Septemfida would have to be my first choice. Dark blue, trumpet-flowered, conspicuous and reliable: this plant could even be used as the edging to a border. The most conspicuous of the Star Grotto, to which I referred last week, and be sure that it has rich soil.

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BY ROBIN LANE FOX

Local variety

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Respect for these natural outcrops should not lead to a fashion for mock rockery, the world of both worlds. If you live in an area of natural stone, use your local variety. If you do not, refrain from using stone at all. Alpines will grow very well in a raised bed if the drainage is sharp. The earth can be covered with gravel which will keep in the roots of the damp and allow the roots as cool a run as among stones.

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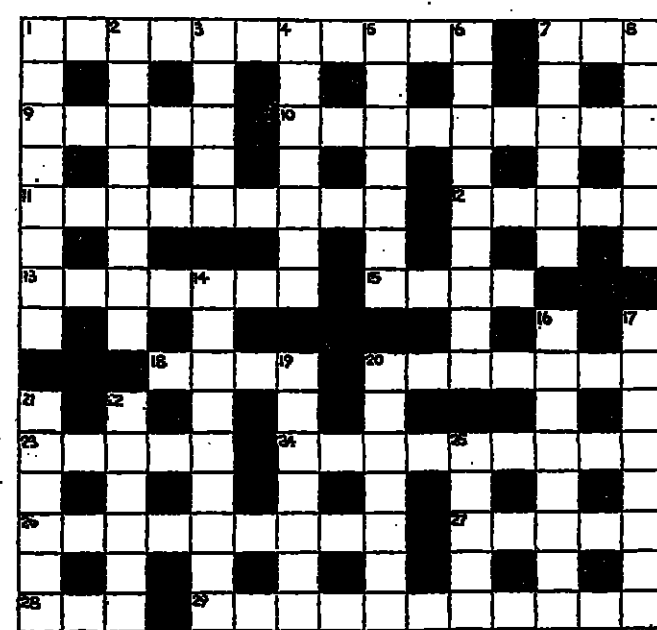
TV/Radio

† Indicates programmes in black and white

BBC 1

7.05-7.55 a.m. Open University (UHF only). 7.55 For Schools, Colleges, 10.45 You and Me, 11.00 For Schools, Colleges, 12.45 Mary, News, 1.00 Pebble Mill, 1.45 Mary, 2.00 Mungo and Midge, 2.01 For Schools, Colleges, 3.00 Pöbel y Cwm, 3.30 Day and Night, 3.58 Regional News (except London), 4.00 Play School, 4.25 Huckleberry Hound, 4.30 Jackanory, 4.45 Star Turn, 5.10 Seven Little Australians, 5.40 The Wombles, 5.45 News

F.T. CROSSWORD PUZZLE No. 3,089



ACROSS

1 A hole for each Foreign Office portion (11)
7 Nut loaf for bird or horse (3)
9 Join a French female embracing it (5)
10 Severely criticise players before one crowd (9)
12 The centre-right in eliminating race (8)
13 Leaves damaged foil a long time (7)
15 Fall requiring doctor to go to work (4)
16 More than six or eight deliveries (4)
20 Intend making a meaning (7)
21 Protective clothing at the airport... (5)
24 ...and formal clothing to prepare bird with a layer of paint (5-4)
26 Grassland ended initially under storm (9)
27 Answer the purpose of a light cover we hear (5)
28 Attempt taking writer away from poetry (3)
29 First principle put to friend basically (11)

DOWN

1 Pudding that is something choice and no good (4-4)
2 A shower or the total of many (8)
3 A poem about a concert-hall (8)
4 Attribute to a writer (7)
5 In place of, as a substitute (7)
6 Hour being changed for someone near (9)
7 Credit on a tag for neckwear (6)
8 Life—or a light breeze (8)
14 An escapist, having a feast on river (9)
16 Non-stereo track for transport (8)
17 People agree intellectually (8)
18 The binder for rigid officialdom (3-4)
20 Go before in time or position (7)
21 Gourmets following vehicle may be trodden on (6)
22 Caught out of practice and surly (6)
25 Handle that could be mine (5)

Solution to Puzzle No. 3,088

CHITRAWAT AMULI
NANAN ALER
UNDERWAY UNMATE
NEMTSMAI
PANTS OUTOFHAND
STUMBLE
ORITRYO
USELESS SLOGAN
AFKINS
DAMNATION DITIT
REMO
ANNALS REPREMER
NOOKS
THROWN SEASONED

BBC 2

10.25 Nai Ziddat Nava Jeevan
11.00 Play School
5.07-5.08 p.m. Open University
7.05 I See What You Mean
7.20 Weather
7.30 Newsday
8.00 Chelsea Flower Show
8.25 Sign Country
8.40 The Country Game
9.25 Horizon Special
10.15 Playhouse
11.05 Rufford Weekend Television
11.30 Newsnight

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GRAMPIAN

1.20 p.m. Graham News Headlines
5.20 p.m. News
6.00 p.m. News
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GRANADA

1.20 p.m. This Is Your Right, 5.15
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11.30 p.m. News

THEATRES

1.20 p.m. This Is Your Right, 5.15
7.00 p.m. News
7.30 p.m. News
8.00 p.m. News
8.30 p.m. News
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The Fauves

by DENYS SUTTON, Editor of Apollo

me twenty or thirty years little attention was paid to Fauvism—those wild men of painting who had caused a sensation when shown in the 1905 d'Autonne. The main agonists of this movement—Derrain and Vlaminck—were in no way neglected by writers of contemporary art; they had drifted so far apart, one another that the close of their artistic positions in 1905 was barely realised.

But, for instance, was neglected for the sobriety, not gaiety, of his colour, and in 1905 many good judges of art had considered him white hope of French painting. This painter soon came to be painted in a critical manner, finding that he had substance.

nce 1950, however, increased attention has been paid to Fauvism, the way ahead being paved by Georges Dauterive, a pupil of Matisse and an art on Byzantine art. He has contained much valuable information, as well as a refined acute analysis of its principles, such as the second eleven has also more carefully considered painters such as Dufy, who, Friesen and Puy clearly did their best work when bed with the Fauvist spirit. Case of Braque was very ment; his Fauve pictures lack distinctive quality of his

in ones. he Fauves are better known than in England. Now Museum of Modern Art in New York has staged a major work of their work, which will be seen in San Francisco

Fort Worth. It has been staged by John Elderfield who produced a book-length catalogue for the occasion (\$7.95).

s constitutes a notable contribution to the history of modern art and is well stated.

The exhibition contains many of the most notable pictures painted by the Fauves, although many are well known, others have not been shown in public for a long time, if at all. The chance of seeing so many works together permits the qualities and the defects of Fauvism to be appreciated and the close of the artists involved to be assessed.

The careful selection and arrangement of the show underlines the way in which the use of a heightened colour was shared by artists such as Matisse and Derain in the late 1890s, and Mr. Elderfield acknowledges how strong colour was a special feature of much Parisian painting. Indeed, it also marks an English painter such as Whangwyn.

The artists connected with Fauvism met in different ways. Matisse and Marquet were together in Moreau's studio and others came across each other by chance, as was the case with Derain and Vlaminck. As was only to be expected in a city such as Paris, then the art centre of the world, there was much to see; for instance, the influence of Van Gogh on Derain and Vlaminck was considerable. Mr. Elderfield also draws attention to Matisse's appreciation of Odilon Redon, who was shown at the Durand-Ruel Gallery and he even claims that Vlaminck's *Flowers (Symphony in Colours)* "looks back to Redon in some respects." The subject is akin to one favoured by Redon but there is no resemblance in style or colour.

The tracing of influences from one artist to another can be an amusing exercise for the art historian but it is not without dangers. Thus it is hard to observe any connection between Derain's large *The Age of Gold* and the famous *Le Batailleur* by Ingres. On the other hand, his

suggestion that Derain may have been influenced by Bakst is more feasible. Mr. Elderfield does not examine in any detail the extent to which Fauvism was felt by Dauterive to possess some relationship with Byzantine art which was certainly admitted in Paris in the 1900s and which had some effect on the painting of Duncan Grant and Vanessa Bell.

The exhibition is dominated by Derain and Matisse, both artistically and numerically, and when their association came to an end after the Independents exhibition of 1907, the movement itself dissolved. It is a relationship admirably summed up in the portraits of the two artists painted by each other and which by fortunate chance are both in the Tate Gallery; Derain's of Matisse is one of the boldest and most dominating works in the show.

Derain had a cultivated eye and was quick to pick up hints from Impressionism, Sanguin, art nouveau and other sources. His art was essentially lyrical in his Fauve period; he was at his finest when giving his impressions (though not in an impressionist manner) of Chateau, the Thames and Collioure. Mr. Elderfield feels that his picture of Regent Street may have been derived from a plate in the *Illustrated London News*, but surely it was the result of observation.

One feature of Fauvism that is well brought out in the exhibition is the fascination exerted by proletarian girls on various painters of the movement—Matisse, Derain, Vlaminck and Van Dongen. Pictures of this type underline the connection with German Expressionism, which is carefully examined in the catalogue.

After half a century or so the novelty of Fauvism has worn off and the movement, such as it was, can be seen in sharper perspective. The show makes a jolly impression and could hardly do

otherwise. Yet the limitations of Fauvism are evident; the visual effects are surface ones in the sense that the colours lack depth and in many cases are placed on the canvas without subtlety of application. Fauvism may be considered as a logical consequence of the association of the artist with the poster which was started by Lautrec. "Come to Collioure" or "Visit the Rat Mort" are the sort of titles that could be given to many of these pictures. It is significant



Derain: Portrait of Matisse (Tate Gallery)

Television

Ageing juveniles

by CHRIS DUNKLEY

Monica Sims, BBC Television's redoubtable head of children's programmes, has several times expressed the thought that if people are not offered good quality programmes when they are very young there is not much hope of their demanding good quality programmes once they are grown up. She may well be right. The trouble is that her analysis does not go far enough. After all, when we were young children's broadcasting meant *Children's Hour* which was nothing if not good quality; or at any rate it positively oozed worthiness and exuded virtue. Then we grew up and television succeeded radio as the dominant broadcasting medium what did we get? We got Hughie Green, Malcolm Muggeridge, and Alan Whicker. Whether or not they also oozed worthiness and exuded virtue is not the point.

The point is that the next generation grew up with a totally different set of programmes—*Alfie*, *The Mole* and *The Buccaneers*. In among other things—and when they became young adults what did they get? Hughie Green, Malcolm Muggeridge, and Alan Whicker.

And now, with the 1976 summer season in view, what do we get? Well, another series of *Opportunity Knocks* has just finished—presented of course by that bubbling juvenile Hughie Green, who was also the subject and star of a major "special" from Thames last month: *Hughie's Full House*.

Then there is a new BBC 2 Sunday series called *Stoic*. This which is chaired by fresh young Malcolm Muggeridge (a man whose contemptuous comments about television include: "The medium is bound to deceive. Even if you put the truth into it, it comes out a deception").

And of course there is a new series from Yorkshire featuring that exciting young newcomer, Alan Whicker, in *Whicker's World Down Under*.

Monica Sims should not worry too much about viewers never learning to demand better quality programmes. Plenty of us have even turned professional) have been doing that for a long time. The trouble is not with the viewers but with the broadcasters, so many of whom just go on giving us the same old things no matter what we may demand.

As it happens Hughie Green proved in his "special" that he still has a better than average command of the workaday skills of variety theatre. Whicker showed in the "special" which opened his series that he can still present an engrossing programme, particularly when the interviewees are a couple of naturals such as former Bob Baudin and Great Train Robber's wife Charmian Biggs. Even the world-weary Muggeridge still performs well enough in the medium he professes to despise so much.

They are all competent. Yet none of their programmes is of a quality that I would imagine would satisfy the expectations of a child brought up on the programmes produced by Monica Sims, BBC Television's redoubtable head of children's programmes, has several times expressed the thought that if people are not offered good quality programmes when they are very young there is not much hope of their demanding good quality programmes once they are grown up. She may well be right. The trouble is that her analysis does not go far enough. After all, when we were young children's broadcasting meant *Children's Hour* which was nothing if not good quality; or at any rate it positively oozed worthiness and exuded virtue. Then we grew up and television succeeded radio as the dominant broadcasting medium what did we get? We got Hughie Green, Malcolm Muggeridge, and Alan Whicker. Whether or not they also oozed worthiness and exuded virtue is not the point.

grammes produced by Monica Sims' department, or by the equivalent departments in ITV for that matter.

That is not to say that every single children's programme is of high quality. There is still some very poor material transmitted, and in some cases not just once but endlessly repeated—such as ITV's American import *The Flintstones* which is uninteresting in its drawing, unoriginal in its jokes, and limited to variations on just one idea in its situation comedy: that of 20th century suburban American life being transposed to the stone age. The joke was milked dry years ago but the series is forever offering the dried up text to the viewer.

Sometimes even the mighty fall. For example BBC's *Blue Peter* appears to have gone through classic progression from wild success with its standard format, followed by a spot of empire building with *Blue Peter Special Assignment*, to a programme's version of the Peter Principle which states that "In a hierarchy every employee tends to rise to his level of incompetence".

On Sunday Valerie Singleton appeared to be trying to do for *Agency Brighton* what *Alfie* Cooke has done for *historical America* and what Alec Clifton-Taylor and John Julius Norwich (among others) do so successfully for *British* in *Spirit of the Age*. Clearly this new *Blue Peter Special Assignment* series is not pitched at the normal *Blue Peter* audience; certainly not only at them anyway but at adults too. It demands to be compared to *Spirit of the Age* or David Heycock's *Lived Here* series and it comes off the comparison very badly.

Yet these really must be seen as exceptions. The surprising thing is not the number of children's programmes that fail to equal the highest standards of adult television, but the number that succeed. The proportion of high quality children's programmes is very much larger than that of adult programmes. Any child raised on John Craven's *Newsworld* and particularly on the *Newsworld Update* series is going to be somewhat disappointed when he grows up and discovers that there is nothing quite like it for adults.

Last Friday Craven reported in a 25 minute programme from Bangladesh, bringing us up to date on the reports he made from the country last year. The programme, directed by Michael Beynon, opened with some admirably clear statistics including a clever graphics sequence comparing the size of Bangladesh to the size of Britain—the sort of simple and informative sequence which adult programmes often lack, presumably for fear of appearing condescending or didactic. They would do well to run the risk.

It then showed Craven on a number of locations, finding out how the health teams were getting on, and explaining agricultural and other advances. Without mincing words he covered the assassination of Mujibur Rahman and his family.

There seems no danger at present of children growing up with their expectations of television pitched too low. Quite the contrary. As an interesting little experiment the BBC could always try creating a department known as *Adults' Programmes*, and putting Monica Sims in charge of it.

The programme's most powerful point was that as the wheat and rice crops were doing unusually well, and there had been fewer major disasters than usual, this was the best year yet for Bangladesh. It was the first (relatively) optimistic report I had even seen from that country.

Adult news, in contrast, has left its viewers high, dry, and if they rely almost entirely on television for foreign news, which statistics tell us most people now do—completely uninformed about the situation in Cambodia, say, or Vietnam, or even Angola, subsequent to Communist take-over. It may be argued that British camera crews are not allowed to film inside these countries, and that television is consequently unable to keep its viewers up to date.

Yet there is nothing to stop television providing informed coverage without film, or even using Communist censors. Film (assuming it is available) so long as it is clearly announced, labelled, and treated as such and accompanied by explanatory commentary. The chance from a continuous stream of news from these countries is sudden silence—as though they had simply ceased to exist—is both absurd and irresponsible.

In drama, too, children's programmes have a higher rate of scoring than their adult equivalents. The current Wednesday serial, *Western*, written by Guy Slater and made by ITV, is an appealing combination of childhood independence (the children in a commune take over the market yard from the adults and do rather better) mystery (why has the portrait in the old house been turned in the wall for so many years?) and irony (the children are beginning to suffer from all the tensions and difficulties that their parents moved into the commune to escape).

BBC's *Circus* is a thriller that is almost too exciting: my blackmailing a man by showing his wife into a case with the lions. That aside, it is very attractively filmed on location with what appears to be a genuine circus.

And there are the ghosts—*Renegades* on BBC1, which fills children with ideas because the ghosts are inept (hence slapstick) naïve (making the children feel superior) and mischievous (with children nothing succeeds quite so wildly as taking the mick; out of an adult; and *Fluc Ghosts of Norfolk Hall* from Granada, better for slightly older children, perhaps, with less comedy but a much more convincingly spooky atmosphere. Ghost enthusiasts will be interested to know that both commercial and BBC ghosts de-materialise by squeezing the bridge of the nose and shutting the eyes tight.

Present seems no danger at present of children growing up with their expectations of television pitched too low. Quite the contrary. As an interesting little experiment the BBC could always try creating a department known as *Adults' Programmes*, and putting Monica Sims in charge of it.

Comedy

Dimetos

by B. A. YOUNG

Dimetos, the character and the came to Athol Fugard from anecdote in Camus' notebooks. story, as he tells it, goes like this: Dimetos is an engineer who has left the city (his period are unspecified) to live in the country. One day he sees his niece Lydia how to rescue a horse fallen down well. When Lydia discovers that her uncle has been getting utter pleasure from watching a horse, Danilo, making love to she hangs herself.

Dimetos and his housekeeper move to another place, by sea. A stranded walrus dies stinks the place out, bolishing the body of Lydia. Dimetos is driven out of the place, but at the same time the pling idleness that has ting him is cured.

saw the play at last year's burgh Festival and partly buted my lack of pleasure t to the acoustics of the ch Hill Theatre and the South African accent of the ng player. Now that I have it again with Paul Scofield se lead, I realise that my tisfaction arose wholly from play itself.

on Mr. Scofield is defeated se lack of definition in the of Dimetos. Alleged to be gineer, he is obsessed only the use of his hands, which ploys not for his side-rule or simple manual tasks. He

salts his conversation with cracker-barrel philosophy and cracker-barrel science, of which he seems to have a rough knowledge. He is incapable of decisions. Yet we are to believe that he has been a great man, and that the City is longing for him to come back and put its troubles right.

Mr. Fugard's dialogue, deprived of its demonic South African crudity, has become almost colourless slipping now and then into vapid pseudo-poetry and punctuated with meaningless symbolism. When Dimetos goes mad, he recites pages of elementary physics, it embarrassed me terribly.

Lydia, the most idealized character, is quite movingly played by Celia Quicke, and Danilo is given by Ben Kingsley in what, if he is not careful, will become his ready-made performance. Yvonne Bryceland is Sophia. Lydia is a mistake that she should look 15 years younger than the lined and grey Dimetos. Mr. Scofield gives us when she has his nurse in his youth, and she should be discouraged from speaking prose as it were poetry. Yet on the whole it is a telling performance.

The direction is by the author. With a minimum of scenery, he has the characters spilt when they are in action, picked out against the dark behind them. It is very good to look at.

Coliseum

Daphnis and Chloe

by CLEMENT CRISP

Ravel's *Daphnis and Chloe* is a notoriously difficult score for choreography, its narrative elements tending towards the quaint in modern times, when pirates and nymphs and the god Pan seem more curious than persuasive in the theatre. For Glen Tetley, in his version given its first London showing on Monday by the Stuttgart Ballet, the task has been to devise a more convincing presentation, and he has succeeded marvellously well.

For him the key figure seems to be Pan, the goat god, in whom we find the conflict of human and animal traits. Pan is also Daphnis' half-brother, and Tetley has recast the dramatic action in less literal and more abstract terms, so that Dorkon and Lykanion (the traditional villains of the piece) become the darker animal doubles of the young lovers. Gone are the pirates and the tale that we know best in the Ashton staging; instead Daphnis and Chloe's adventure becomes a confrontation with their more brutish selves. Pan inspires and guides events, forcing Daphnis and Chloe to face their sexual nature in a bacchanal (habitually the pirate scene) amid a rout of satyrs, before ridding themselves

of Dorkon and Lykanion and, with the Dawn music, rediscovering the purity and lyricism of their love.

The result is a daring and beautiful view of Ravel's score, enhanced by superb saucy designs by Willie Kim, no less superbly lit by John B. Read. Richard Cragun and Marcia Haydee are the lovers, ideally cast, with Birgit Keil and Reid Anderson as Lykanion and Dorkon, equally good. And Egon Madsen is Pan, giving a performance of the most remarkable physical resource and dominating emotional presence: sharp in accent, mysterious in his quality of super human power, it is an amazing creation. The ballet, which seems to me one of Tetley's finest, is choreographed with an almost luminous grace; it is like looking at the morning of the world.

Another Tetley work new to London, *Greening*, was also in Monday's triple bill. It uses two scores by Arne Nordheim for orchestra and electronic tape guides events, forcing Daphnis and Chloe to face their sexual nature in a bacchanal (habitually the pirate scene) amid a rout of satyrs, before ridding themselves

showing a skeletal tree leading up to a frieze of decoration high above the stage. Birgit Keil and Jonas Kage, Christopher Boatwright and Nora Kimball, lead the cast in a sequence of boldly conceived entries that convey the emotional qualities implicit in the title. The score, sonorous and developing from clusters of notes, is matched by Tetley's invention, which contrasts great bursts of energy with passages of stillness.

At the centre of the programme, John Cranko's *Opus One*—set to the Webern *Pavane*—is a taut, allusive work centred on the heroic figure of Richard Cragun. The drama inherent in the piece is concerned with the acquisition and loss of a beloved—Birgit Keil—and despite its lack of literal narrative, *Opus One* establishes powerful emotional images that linger gratefully in the mind.

London, *Greening*, was also in Monday's triple bill. It uses two scores by Arne Nordheim for orchestra and electronic tape guides events, forcing Daphnis and Chloe to face their sexual nature in a bacchanal (habitually the pirate scene) amid a rout of satyrs, before ridding themselves

Festival Hall

Arrau

by MAX LOPPERT

measure of greatness in performers is often the ability to admiration despite (or through) interpretative restraints. Claudio Arrau's bidden-playing has never, to state, at least, touched that of consistent illumination profound, as that one witness in his performances. Romantic, yet it was subtle during Monday's nts of two late Beethoven as, the E flat Op. 109 and C minor Op. 111, to deny the aura of his sovereign preterative powers. Especially C minor, the ability to d familiar sequences to new ose, to search out fresh ing, was everywhere in the. A notable example in the first movement, the mpo semiquavers of its in-allegro treated like so much inchoate, intractable matter y which form and substance e to kneaded, and rhythmic onal clarity served for the of the period, as though light emerged from the notes selves.

it along with this sense of st improvisatory creativity an apparent willingness to k the natural form and flow e music. Following the pro-e of the sonatas under u's guidance one was apt to interrupted by a kind of "torial" punctuation of the ic, a painstaking and im-ped- scrutiny of each note h nonetheless gave the ection of a simultaneously e rected, the glimmering main text. There was, n and again, a want of that ular Beethovenian sim-ty that will make, say, the ing movement of the E flat e a still of the period, as though light emerged from the notes selves.

Arrau's account, the ion was already visible.

Schumann's Symphonic ties, after the interval, there

was the immediate consciousness of manner supremely well matched to the music. Not only personal, intimate expression emerges with such pointed, particularised sensitivity to each shade of feeling; but also because the magnificent solidity of Arrau's keyboard style, with its rich mahogany bass tones, seamless legato and ample, unforced force, can be refined to the purposes of both Florestan and Eusebius. The pianist had inserted the five posthumously published variations in the sequence, which is always controversial, especially so in his present chosen order (the major key No. 5 of the inserted movements was made to seem like a resolution of the minor key Variation VII preceding it); yet played with such penetrative power, the arrangement won immediate capitulation. The sound of the Finaie, the piano ringing out like the entire brass section of the Berlin Philharmonic, is one to cherish in the memory.

C. W. Beaumont

The death has occurred of C. W. Beaumont, the ballet historian and analyst of the 20th century. Born in London in 1891 Cyril William Beaumont combined several careers with distinction: of book-seller and publisher, of the Charing Cross Reminiscences with a no less celebrated activity as an historian of the dance, critic and advocate of the Cecchetti method of ballet teaching, to which end he had founded the Royal Society in 1922. More than 40 books about dancing are testimony to his life-long devotion to all forms of dancing; they are the scholarly basis for much of our present understanding of ballet, an art which he laboured with the utmost dedication to serve and to which his writings and his life brought deep love and sound judgment.

King's Head

Hank's Night

by MICHAEL COVENEY

Paul Ableman's short comedy, given at lunchtimes, is not new and his depiction of the simultaneous outrageousness of a situation in which two married couples toy with the idea of an orgy after dinner. The proposal is initially made by a dour, quiet scientist, but his enthusiasm suddenly evaporates when his wife eventually succumbs to the notion and removes her gown. While the host couple gamely remove and replace their exterior garments in an effort to keep things along, Mr. Ableman fires some sharp and amusing lines on the subject of how to relate permissiveness of physical expression to the seeming abstruseness of liberal intellect.

Someone sensibly refers the company to the reflection of an offstage psychedelic accountant whose theory is that the state of

orgy is difficult, even impossible, to achieve as it requires that all parties arrive simultaneously at an identically mad mood of abandon. This premise accepted, the quartet relaxes despondently at the turntable. Quite unexpectedly, the mood does the trick and the lights fade on a scene of reckless depravity.

Or they should, Tom Dickenson's production is too tentative and coy even for this light piece, failing to create an atmosphere of tension in which so Bacchic a finale could thrive. As the programme fails to enlighten us as to which actor plays which part I can only guess that, in a moderate cast, Giles Philbis is delf and springer as the host who clears £16,000 per year (after tax) and considers guests are for boring, not flooring.

Radio 3

Frankl & Vasary

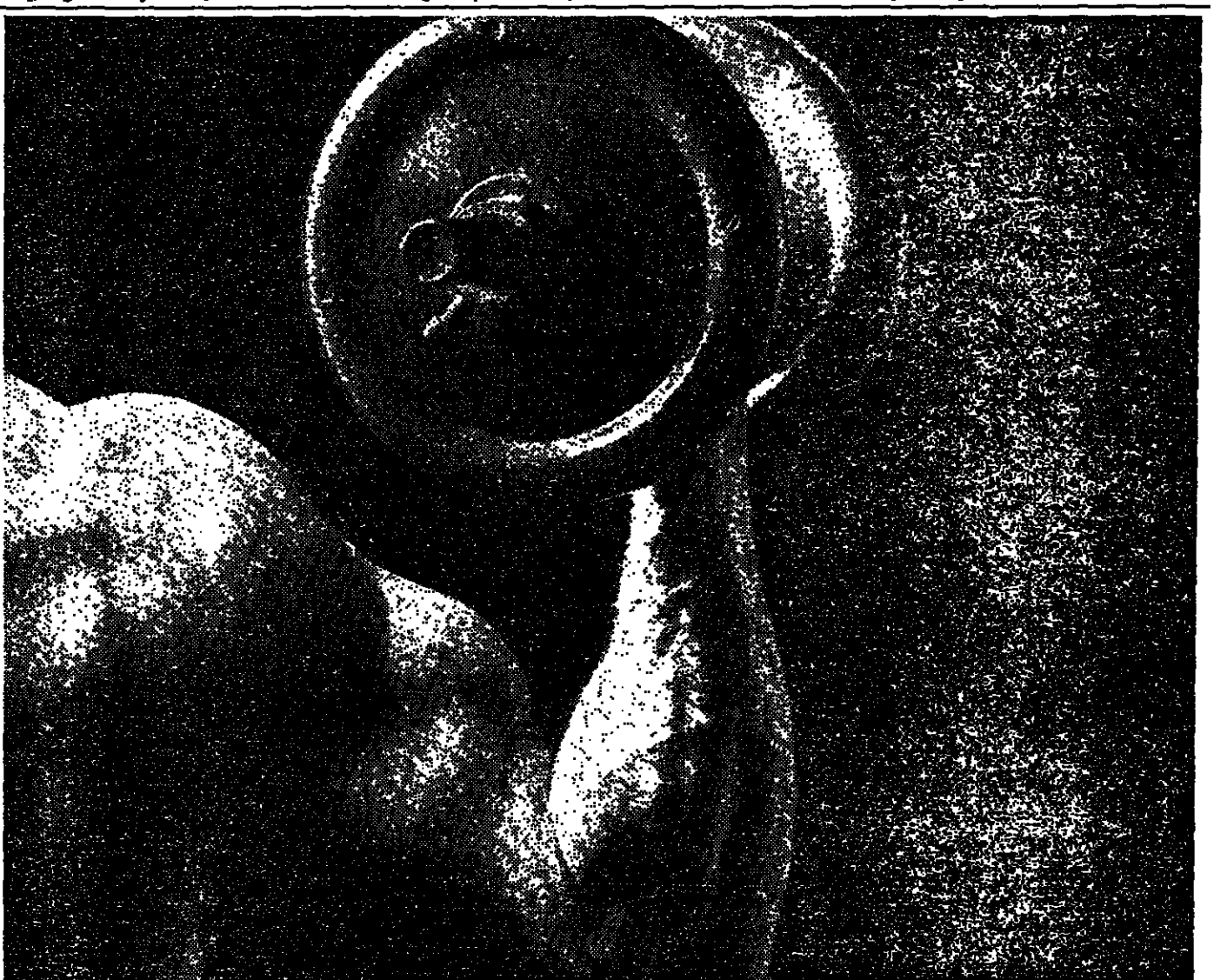
by DOMINIC GILL

For their duo recital broadcast from St. John's Smith Square on Monday lunchtime, Peter Frankl and Tamas Vasary chose to play what are perhaps the two greatest masterpieces in the whole of the two-piano literature; Schubert's F minor Fantasy, and Mozart's F major sonata K497.

The Fantasy, indeed, is the greatest of three great piano duets—the others are the A major Rondo and the A minor Allegretto—which Schubert composed towards the end of his life in 1828; a magnificent symphonic design cast in a single movement, woven around the magical repetitions as unifying Leitmotif of one of Schubert's most hauntingly beautiful tunes. Frankl and Vasary play together with the ease and naturalness of a born duo; a strong, precise performance—without any sense of stiffness in the precision, or heaviness in the strength, much admired their expressive

rubati, beautifully synchronised, duo tempo they chose for the Leitmotif and all its recurrences: the weight at the biggest climaxes nicely judged, full and resonant, but never pushed through the tone.

K497 too is the "greatest and grandest" of Mozart's duo sonatas: like the Schubert, almost symphonic in conception, almost orchestral in scale and instrumental weight. The *allegro di molto* Frankl and Vasary made exuberantly gay, full of resilience, and rhythmic bounce; the operatic dialogue of the slow movement was gently, precise and eloquent—baptically never overblown; the finale, a splendid rout of canons and celebrations. This was a most enjoyable lunchtime: shall we hear Frankl and Vasary in a fully-fledged duo programme on the South Bank soon?



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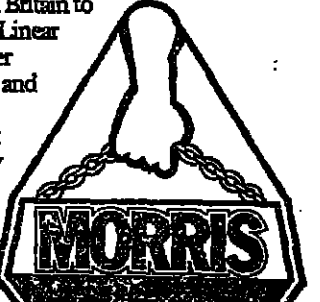
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WORLD TRADE NEWS

Iranians confirm nuclear deal with France

BY RUPERT CORNWELL

PARIS, May 25.

IRANIAN Prime Minister Amir Abbas Hoveida today confirmed that his country had signed contracts to buy two nuclear power stations from France and strongly suggested that Tehran was insisting on controversial reprocessing technology as well.

Speaking after a lunch with President Giscard d'Estaing midway through a five-day official visit, Mr. Hoveida said that work on the two plants, of 900 Mwatts each and worth a reported Frs.5bn., would begin within the next few months.

Iran's agreement with France in 1974 covered the whole range of nuclear technology, he said. It was unlikely that it would be satisfied with just the two power stations, to be built by Framatome, the specialist subsidiary of the Creusot-Loire engineering group.

The alleged readiness of France to sell nuclear equipment to all comers, including plants to reprocess used fuel and thus obtain the plutonium required to manufacture atomic weapons, has been strongly criticised recently, especially in the U.S.

The Government here claims that its export policy contains safeguards against misuse of the know-how provided. It is also pointed out here that Iran, unlike France, has signed the non-proliferation treaty and is ready to submit to controls laid down by the International Atomic Energy Agency in Vienna. But whether these assurances will prove enough to allay suspicion remains to be seen.

The deal, however, is a sign that the vaunted economic co-operation between the two countries is at last showing concrete results after a period when words rather than deeds dominated.

Although plans for Iran to buy Concorde are on ice largely as a consequence of the drop in its oil revenues, French interests have won the initial contract for the metro system planned in Tehran. Motorway construction and railway electrification programmes are also under discussion.

Trade between the two countries has doubled over the past year and Mr. Hoveida said that the French President would travel to Iran this October, thus repaying the Shah's visit here in the summer of 1974.

Japanese steel prices to rise by 15%

By Peter Duminy

TOKYO, May 25.

JAPANESE steelmakers are ushering in increases of up to \$34 a tonne in posted prices, to apply to major domestic users with effect from July deliveries. Overall, prices are due to rise by about 15 per cent., which for most types of steel will mean price rises of more than 35 per cent. in under 12 months.

The industry is generally considered powerful enough to do as it pleases, but is making efforts to disarm its critics, including consumer groups, opposition Members of Parliament and Japan's Fair Trade Commission. The burden of the complaint is that under the leadership of Nippon Steel and with the blessing of the Ministry of International Trade and Industry, the major mills are a formidable cartel—one which has dramatically altered the demand-supply equation to its own advantage in the past year, by effectively restricting production. There is in fact no question but that production cut-backs have set the stage for the present price increases.

AP-DJ adds: Nippon Steel began negotiating with major buyers yesterday on the basis of new posted prices for four major steel products, the steel maker said today.

ASIAN EXPORTS TO THE MIDDLE EAST

The growth areas get together

BY DICK WILSON

"EXPORTS to Middle East oil producers rose by a third." This characteristic low-key statement about Hong Kong's trade last year in the annual report of the chairman of the Hong Kong and Shanghai Banking Corporation is typical of a new trend in the Far East.

Businessmen at the two extremes of Asia are building up an unprecedented trade in goods and services following the oil crisis. It is a case not only of "East meets West" in the purely Asian context but also of two growth areas getting together for commerce and investment. And it is not only Japan but now the smaller countries of the area which are getting on to the bandwagon.

The bigger oil import bills which most of the East Asian countries have to pay to Middle East suppliers are tending to be handled politically rather than purely commercially. The Philippines, for example, has constructed a network of Government-to-Government contracts for what is called "adequate and continuous supply" of crude oil from Saudi Arabia (replacing the previous arrangement with Exxon).

This enables the countries with marketing ability to push their own sales to Arab markets—and to do it directly rather than through middle men. The chairman of the Malaysian Rubber Exchange returned last month from a tour of Kuwait,

Iraq, Egypt, Turkey, and Iran saying that natural rubber consumers in those places were keen to buy directly from Malaysian exporters.

South Korea is spending about \$1.2bn. a year on oil from the Middle East, and one obvious way for Arab suppliers to maintain that substantial market is to find more things to buy from Korea.

At a ministerial conference at the end of last year Iran and Korea agreed to expand their trade 13-fold, to reach \$2bn. in the next five years. Iran has already contracted to import 100,000 tons of cement, 50,000 tons of chemical fertiliser, and 60 fishing boats from Korea.

Taiwan has a diplomatic relationship with Saudi Arabia and Jordan, two of the few States still refusing to recognise the Communist regime in Peking, and it uses this advantage skillfully. It has contracted to sell 150,000 tons of cement to Saudi Arabia this year, and boosted its trade with Jordan (which supplies it with phosphates) by 60 per cent. last year.

Some of the other Middle East States are active partners with the Asian Communist governments. A Chinese State Oceanography Bureau team is in

Kuwait studying the possibilities for desalinating sea-water, on the invitation of the local Ministry of Electricity and Water. Iran has pledged a loan to the Indian North Koreans and Middle East almost trebled last year (to \$250m.), and Hong Vietnam mission in January to

made the most of the construction contract opportunities in Middle East, winning \$700m. worth last year, and expected to double that in 1976.

At the end of 1975 Seoul agreed to help set up joint ventures in Iran to make polyethylene, leather, and fabricated housing materials. The biggest Korean project in the Middle East, however, is Saudi Arabia's Hyundai contract to build a new Jubail and Dammam \$1.1bn. construction order for a gas power station. Korea also has \$7.5m. aerial photography contract in Saudi Arabia.

In Bahrain, Korean companies are erecting a \$5m. steel structure sub-contracted to Japan, and Hyundai is to build a \$100m. shipyard to handle super-tankers up to 500,000 tons.

The latest hope, expressed by president of the South Korean Chamber of Commerce & Industry after touring the Middle East, is for the Kuwaiti navy to contract worth \$10m.

The Koreans do not monopolise this field: Taiwan is helping Saudi Arabia to put up a \$300m. sugar refinery at Dammam, and a fertiliser plant is planned in Saudi Arabia.

The same mission from Hanoi negotiated a sub-contract for industrial co-operation pact with Iraq, and the Director-General of Iraq's Foreign Trade Ministry has since visited North Vietnam to discuss its implementation.

The South Koreans have supply oil and oil technology in exchange for raw materials and agricultural products, as well as co-operate in the petrochemical and aluminium industries.

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Malaysia to mend Mideast fences

BY WONG SUI LON

KUALA LUMPUR, May 25

The Malaysian Government is making special efforts to regain the confidence of Middle East trading companies which have placed an unofficial embargo on some Malaysian imports following several cases where Arab traders were swindled by Malaysian exporters. A Malaysian team will leave for a month-long goodwill visit to the Middle East this week.

Several Malaysian traders were found to have cheated Arab traders. Importers of several million Ringgits, while others did not fulfil their contracts when timber prices began to rise last year. Yesterday, Datuk Hamzah, the Malaysian Trade and Industry Minister, warned exporters that the Government would take swift action against them if they continue to adopt unethical practices towards Arab buyers.

Kong's are also well up: two Hong Kong export missions have already been to the area this year; a third is about to go to Iran and two more are planned for next February. There is also talk of Egypt having some merchant ships built in Singapore yards.

British exports to West Germany show strong upturn

BY GUY HAWTIN

THERE are signs of a strong and sustained upturn in Britain's visible exports to West Germany. Despite the poor publicity that British industry has been receiving in the European Press, total U.K. exports to the Federal Republic in the first two months of the year totalled DM1.253bn. (£272.4m.)—a healthy 23.5 per cent. up on the DM968m. of the same period of 1975.

Even more encouraging is the upward surge in West German demand for British manufactured goods. In this sector, exports increased by 38.6 per cent. to DM905.4m. (£196.9m.) compared with the previous year's DM653.4m.

The figures are the latest available, but British trade officials appear confident that Britain's exports so far this year have maintained the performance of the opening two months. At the half-year stage, figures should show substantial export increases in both terms of cash and volume.

Volumes have not been rising as fast as the cash value of exports, which have been spurred by rising prices. But the West German import volume index to reach a value of DM7.4 (1970=100) puts the British in the first quarter of this year volume in February this year at compared with the same period 1975—a full 13.3 per cent. above last year. Over the period, the 12.7 of the same month of 1975, all German imports, however, the biggest leap in sales come somewhat less significantly in the ships and boats sector, 23 per cent.

where exports rose 33.7 per cent. to DM22.1m. Here figures are rather deceiving, exports in the same two-month period of 1975 were at DM18.8m. —a very low level.

Dramatic growth, however, could also be seen in the motor vehicle sector, where exports rose 85.5 per cent. to DM23.3m. (£4.9m.) compared with DM13.6m. (£2.9m.) in the same period of 1975. Machine tool sales advanced 10 per cent. to DM11.8m. mechanical power units by 109.1 per cent. to DM7.9m., and optical and precision instruments by 54.7 per cent. to DM35.8m.

West German exports to Britain are still far outstripping their imports from the U.K. although, on current performance, their growth rate is much slower. In the first two months of the year they totalled DM1.89bn. (£412m.), only 7 per cent. up on the DM1.77bn. of the same period of 1975.

Michael Van Oort writes in Amsterdam. Dutch exports to West Germany, by far its largest trading partner, rose above the "expectation" by 29.9 per cent. to reach a value of DM7.4 (1970=100) puts the British in the first quarter of this year volume in February this year at compared with the same period 1975—a full 13.3 per cent. above last year. Over the period, the 12.7 of the same month of 1975, all German imports, however, the biggest leap in sales come somewhat less significantly in the ships and boats sector, 23 per cent.

Reynolds in Brazil aluminium talks

BY DAVID WHITE

RIO DE JANEIRO, May 25

REYNOLDS Metals of the U.S. is discussing a \$200m. aluminium joint venture in Brazil, a spokesman for the Brazilian state-controlled mining group Companhia Vale do Rio Doce (CVRD) said here.

Negotiations between the two companies are taking place at a time when Brazil's aluminium-producing plant, based largely on a \$2bn. smelting complex in the eastern Amazon region, have been increasingly in doubt. That Amazon project, due to be built near Belém using bauxite mined in the Trombetas River area, has been stalled awaiting a firm commitment from the Japanese Light Metal Smelters Association.

Reports from Japan that the Belém project, Albras, had been postponed for two years were dropped in favour of U.S. partner.

The plant being discussed by Reynolds, known as Alusul, is to be built at Santa Cruz near the city of Manaus.

According to unofficial reports, Reynolds is expected to be built at Santa Cruz near the city of Manaus. The plant is to be built at Santa Cruz near the city of Manaus.

Indigo plant exports hope

BY RHYTH DAVID, CHEMICALS CORRESPONDENT

THE LONDON-BASED chemical assistance and after-merchandising company, Gerald Cooper Chemicals, which announced earlier this year that discussion, including one it was to begin manufacture of the scarce dyestuff, indigo, is hoping to sell four complete plants to overseas buyers at more than \$5m. each.

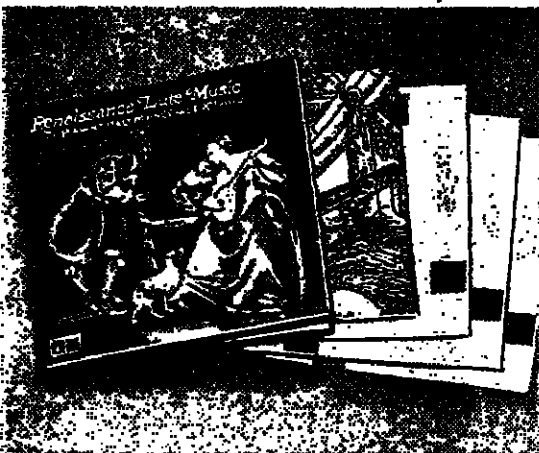
The company's decision to manufacture the dye was made because of the very severe shortage of indigo which has been greatly in demand as a result of the continuing world-wide boom in denim for jeans and other casual wear. Following its move, however, it claims to have received a large number of inquiries from all over the world from other companies interested in starting up relatively small-scale production of the dye.

Under the terms of the deal which Gerald Cooper has been negotiating the company will supply to clients a complete package deal including dyeing technology, purchase of equipment, fabrication on site, tech-

four such projects are now under way, including one in Italy and Ireland. The Cooper's own plant in Portugal is under construction and is expected to be in production at a level of about 80 tonnes a month. At present, the plant is employing about 40-45 people.

The plant is located in a former woolen mill in a town called Contagem, which is now available to the three major producers of indigo in the U.S.—Allied Chemicals, the U.S. BASF in Germany each of which has an output estimated around 3,000 tonnes a year. Fourth producer Mitsui in Japan produces around 1,000 tonnes a year.

Under the terms of the deal which Gerald Cooper has been negotiating the company will supply to clients a complete package deal including dyeing technology, purchase of equipment, fabrication on site, tech-



BASF is fast establishing itself as a leading recording company in the UK. It has already earned a reputation for the high artistic and technical standard of its classic and jazz productions and is now making a similar impact on the pop scene. Altogether the BASF catalogue comprises about 1800 albums and 500 singles and includes such great names as Oscar Peterson, Ella Fitzgerald, the Collegium Aureum, Rudolf Kempe and Freddy Breck. The record album above is of Renaissance Lute Music and is on the Harmonia Mundi label.



From records of 16th Century music to records of 20th century statistics like this latest computer installation involving BASF equipment, it's the Computer Centre of The British Mail Order Corporation Ltd in Manchester. The computers incorporate both BASF tape and disc drive storage facilities. The drives are, in fact, capable of storing 5000 million bytes of information with a transfer rate of only a few milliseconds. With such a big job to do it's as well that BASF equipment is subject to 100% quality checks.

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BI looks into Hays allegations

Federal Bureau of Investigation is now looking into allegations that Representative Hays, the powerful chairman of the House Administration Committee, has been paying a \$14,000 a year out of public funds to serve as his mistress, Rep. Hays has firmly denied charges. Hays could scarcely come at a worse time for Hays who is running as a "white son" candidate in six Congressional Districts in the Primary on June 8, 1976 presidential primary he is a "favourite son" in his district and won. He had expected to do well this year. Mr. Hays has made lower felt by the role that he played in holding up the re-election of the Federal Election Commission, which is responsible for doling out campaign money to candidates in the race. In the past, he has been accused of refusing to order printing of documents does not approve of, and of being paid to do things that would tend to make his office more comfortable for incumbent Congressmen to be re-elected.

Iran returns to U.S. Parliament

Marxist People's Progressive Party (PPP) led by ex-Premier Ali Javan has ended its three-day boycott of the U.S. Congress assembly, our Washington correspondent writes. The move is a clear recognition of the U.S. government's stance of 12-year-old government of Mr. Javan. Javan, who was released from a Florida prison where they had spent 12 years on Death Row. Only when a white man confessed years later to their alleged crime did they receive a governor's pardon for a crime they had not committed.

Natural gas ruling

Federal Power Commission has ruled that Shell Oil Co. must increase its price of natural gas from \$1.50 to \$1.60 per cubic foot. The ruling is the fifth U.S. Circuit Court of Appeals has ruled, AP-DJ reports from New York. The natural gas comes from a field that Shell began developing in 1966. Before the field began producing, Southern Natural Gas Co. had bought the gas. Since then, Southern would have to build a pipeline to the company's field to guarantee that at least 500,000 cubic feet of gas is available.

aska pipeline

Standard Oil of Ohio said there has been no change in the mid-1976 schedule for the start of the Alaska pipeline system, and is anticipated, Reuters reports from Cleveland. The pipeline is expected to be completed by 1978. The pipeline is expected to be completed by 1978. The pipeline is expected to be completed by 1978.

route change

Civil Aeronautics Board has proposed a major change in the domestic route network by Western Airlines, reports from Washington. The proposal would increase the airline's flexibility to operate direct service between cities now located on different segments. The CAB has proposed to change the route structure of a airline.

entina bomb

Bomb exploded outside the offices of the Society for Argentine Cultural Relations today morning, causing damage but no injuries, UPI reports from Buenos Aires.

ths in Rio

Police discovered four bullet-riddled and burned bodies yesterday in a suburb north of Rio de Janeiro. The bodies were found in a 24-hour period, reports UPI. Helicopter search, but could provide further details.

FTC to probe Xerox pricing strategies again

BY JAY PALMER

NEW YORK, May 25.

THE U.S. Federal Trade Commission has informed Xerox that it is starting a new investigation into the huge copier company's pricing strategies. The FTC said that its study will specifically concentrate on the pricing plans adopted by the company on January 1, 1976, after it had settled an earlier 1973 anti-trust complaint brought by the FTC. Last autumn Xerox unveiled sweeping price changes which, although not formally part of its anti-trust battle with the agency, were seen to comply with the FTC's rulings. Xerox also made it clear that the new prices were aimed at enhancing its competitive standing in copiers.

The new prices, which went into effect on New Year's Day, involved cuts of up to 11 per cent in copier rentals as well as

the first-ever introductions of first-year rental discounts. The company stressed that the lower prices would increase profits by stimulating a hefty boost in business.

To-day Xerox denied that these new price changes in any way violated federal anti-trust laws. It noted that the FTC had not alleged any violation of laws and stressed that the company would co-operate with this "preliminary investigation."

FTC officials in Washington have refused to comment on what prompted this investigation and would not disclose if complaints had been received from Xerox's competitors. It is known, however, that a number of smaller U.S. copier makers are dissatisfied with the leniency of the consent decree last year and remain committed to lessening Xerox's competitive edge.

U.S.-Turkey accord 'in deep trouble'

WASHINGTON, May 25. U.S. officials, said one U.S. official. The opposition to the two agreements centres on three areas: Constitutional, in which members of Congress will oppose any multi-year arrangement (the two agreements run for five years) because that would deprive Congress of its right to annual overseas expenditures by the U.S. Government. Legal, in which Mr. Brademas and other members of the "Greek bloc" insist that Turkey is in violation of the U.S. security assistance regulations by the use of American weapons in Cyprus. There has been no substantial progress in the Cyprus negotiations, which means that the U.S. arms embargo against Turkey is supposed to remain in force.

Strategic, in which the opponents argue that the supply of vast quantities of arms to antagonistic nations such as Greece and Turkey simply escalates the arms race in the eastern Mediterranean, and increases the chances of war. UPI

SALT infringement by Soviet Union confirmed

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 25.

THE U.S. administration has disclosed that the Soviet Union has admitted a technical violation of the 1972 first SALT Agreement, but has taken steps to remedy the situation. Although the Russian breach of the Agreement would appear to be extremely minor, it none the less has a certain symbolic significance in that U.S. President Ford has been under repeated attack from the Republican right wing on the grounds that the Soviet Union has got away with several violations on the strategic arms front in the face of American unwillingness to insist on rigid compliance. In releasing details of the infringement, the administration was itself responding to a magazine article which dealt with this specific subject but, the administration felt, insufficiently accurately. The official version is that the violation centred on a four month timetable during which the Russians were supposed to

dismantle older missile launchers while newer additional launchers were being deployed. According to the 1972 pact, the Soviet Union was permitted to have at readiness no more than 740 long range ballistic missiles. The Russians were obliged to begin dismantling older launchers as soon as it began sea trials of more updated submarine missiles. These trials started last December, but by the March deadline, 40 of the 51 missile silos had not been rendered completely inoperative. The Soviet Union, therefore, was in possession of a missile capability greater than the 740 ceiling.

In April the U.S. protested to Moscow and insisted that no further submarines be put to sea until the dismantling was completed. The Soviet Union agreed. According to the latest American information, the Russians will have finished tearing down the silos inside the next week or two—some two months after they were supposed to have done so.

Security net for Concorde

WASHINGTON, May 25.

FRANCE'S Concorde airliner yesterday on the return leg of the historic opening of transatlantic supersonic passenger

traffic. The jet had 80 passengers aboard for the trip to Paris. The British Airways Concorde, with 81 aboard, was scheduled to leave for London, about 30 minutes later.

Two security helicopters hovered over the departure runway on the lookout for any diehard demonstrators, protesting about the aircraft's alleged noise and pollution. But there were no incidents.

SEC accused on payments disclosures

WASHINGTON, May 25.

THE U.S. Securities and Exchange Commission (SEC) has let some companies get by without disclosing questionable transactions similar to those that other companies have reported voluntarily, a Congressional staff study shows.

Among other things, the report says the SEC knew of \$2.2m. in payments by Celanese, more than \$400,000 in foreign payments by Dupont, and irregular billing practices by a subsidiary of Wm. Wrigley Jr. Celanese and Dupont have reported to shareholders only that unspecified questionable practices have been discovered and halted. Wrigley has not reported any findings publicly, according to the SEC.

SEC chairman Roderick Hills objected to the release of the report. He said whether disclosure was required under the securities laws could not "easily be determined by comparison with disclosures undertaken voluntarily in other cases."

THE U.S. SUPREME COURT

Death penalty on trial

BY NANCY DUNNE IN WASHINGTON

THE SUPREME Court of the U.S. with four of its nine members appointed by former President Nixon, has grown increasingly conservative on the issues of criminal law. Of the five justices appointed before the Nixon regime, three are liberal and two are considered "swing votes" sometimes going left, sometimes right. That constellation has given rise to many 5-4 decisions and some surprises. One of them was a much-hedged decision—with the four Nixon appointees together in the minority—declaring capital punishment "cruel and unusual" but only in the "arbitrary and capricious" way it had then been implemented. The U.S. constitution forbids "cruel and unusual" punishment.

The ruling swept away capital punishment statutes in 39 States and the death sentences of 631 people awaiting execution. But it left open the possibility that State laws could be revised in a fair enough manner to allow a reintroduction of the death penalty. With FBI statistics showing a 42 per cent rise in murder rates from 1968 to 1973 and polls showing that a majority of Americans support capital punishment, 35 States and Congress have enacted new death penalty laws designed to circumvent the Supreme Court objections. With approximately 470 people on death rows in 30 States awaiting its verdict, the Court is due to rule during June on a sampling of these new laws.

The arguments now before the Court to abolish the death penalty are two-fold: that the new State laws fail to meet the standards of constitutionality set by the 1972 ruling, and that the death penalty, however applied, is "cruel and unusual punishment" and therefore unconstitutional. Legal experts will not predict how the Court will rule, although no one thinks any of the Nixon appointees have changed their minds on the subject. The unpredictability of the Supreme Court has been enhanced in this case by the retirement of the liberal Justice William O. Douglas, who was succeeded last winter by Justice John Paul Stevens. Although he has been praised by Sen. Adlai E. Stevenson III, a liberal, as "a brilliant scholar, and a man of great intellect," Justice Stevens' opinions have been characterised by a conservative approach to law. At his Senate confirmation hearing, Justice Stevens said of the death penalty: "I do not know whether an effective case penalty laws designed to circumvent the Supreme Court objections. With approximately 470 people on death rows in 30 States awaiting its verdict, the Court is due to rule during June on a sampling of these new laws.

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show that no matter how the figures are arranged and compared, the death penalty has had no effect on the incidence of capital crimes. Delaware, a state which abolished capital punishment and later re-instated it, had a lower homicide rate during abolition than before or after. This example and others have led abolitionists to argue that

the death penalty might actually increase capital crimes by encouraging certain "psychotic individuals" who wish to die. The nine justices must now determine if the death penalty is even-handedly applied under the new laws. Statutes vary significantly between the states, in some, the death penalty has been made mandatory for first degree murder, no matter what the circumstances. Other states provide elaborate sentencing proceedings where aggravating or mitigating circumstances may be heard. Some states would execute only for the murder of a policeman or a prison guard, while others provide death sentences for crimes such as premeditated murder, murder while committing a felony, arson, burglary, treason, aircraft piracy, kidnapping, armed robbery, and rape. Only a small proportion of some 20,000 perpetrators of some

homicides each year are sentenced to death—on the average, a few more than 100. The rest either escape, are found not guilty, plead guilty to lesser charges, turn state's evidence, receive clemency, or commutation. Abolitionists claim that the death penalty is discriminatory because a disproportionate share of those who finally suffer it are poor or black. More than 60 per cent of those on Death Row now are black. Recent studies show that blacks are more likely to be sentenced to death than whites and are considerably less likely to be reprieved. Blacks made up some 72 per cent of all those executed in the South during 1930-1967 and 89 per cent of those put to death for rape.

Abolitionists argue that the death penalty is excessively cruel because of the agonising wait prisoners endure while awaiting death.

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Neutral line expected in Canadian budget speech

OTTAWA, May 25.

CANADIAN Finance Minister Donald Macdonald presents his first budget to-morrow night in the face of inflation and unemployment.

Expected in the budget are measures to tighten anti-inflation controls over prices and to stimulate business investment,

but no major new job-creation programmes. Significant tax cuts for individuals are not expected. There may be some concessions for low-income earners, but the inflation rate has been edging downward and Mr. Macdonald will not risk fuelling it by free-ing more money.

In effect, the Finance Minister will probably steer a neutral course, avoiding new measures that might over-stimulate the economic recovery now under way, or any marked restraint that would quickly bring down the inflation rate. The budget statement is basically a state-of-the-economy

message and an outline of how the Government expects to raise the money to meet its expenditures. The Government said in February that it would spend \$42bn. in the financial year ending next March 31, a rise of 18 per cent from a year earlier. AP-DJ

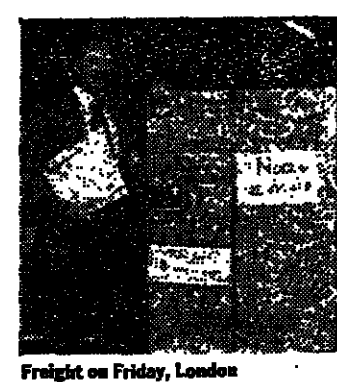
MEXICO, U.S. IN FISHING TALKS

MEXICO CITY, May 25.

A U.S. negotiating team yesterday opened talks with Mexican Foreign Ministry representatives on fishery questions arising out of Mexico's claim to a 200-mile offshore exclusive economic zone, according to the U.S. embassy here. AP-DJ

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Zambia Airways announce the 19hr. freight to Ndola via Lusaka



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EUROPEAN NEWS

W. German output to rise by 9pc

MUNICH, May 25. PRODUCTION of West German industry is expected to rise by around 9 per cent. this year over 1975, the IFO economic research institute said.

Stock rebuilding has led to sharp rises in demand, with foreign orders also contributing to the economic recovery, IFO said in its latest report.

Output began to move up in the middle of last year after shrinking for nearly two years, with around half the production losses of the recession made up by the first quarter of 1976.

IFO said German companies judged their production prospects generally satisfactory in April, although no more so than in March, with capacity utilisation last month averaging 82.2 per cent., 2 percentage points up on January and 6 up on April 1975.

Chemical industry production this year should exceed last year's level by at least 10 per cent. in the next three months, it was one-fifth above the mid-1975 low point, IFO added.

In the iron and steel sector, output should move up by some 10 per cent. this year, having fallen in 1975 by 23 per cent. from the level of the previous year.

Domestic demand for consumer goods in the first quarter was some 23 per cent. higher than in the same period of 1975, with foreign demand showing a 39 per cent. increase.

On unemployment, the institute said the total should drop by some 250,000, up to September, still leaving an estimated 854,000, or so people out of work.

The August unemployment figure was 1,094,000 (4.8 per cent. of the work force). IFO said the 1976 average would be 1.04m, only a little lower than the 1.07m. average of last year and the real improvement will come in 1977.

IFO said the car industry had orders stretching five months ahead in March compared with only 3.7 months in December.

Such a high order backlog had not been experienced in the industry since the first half of 1960-61, with the range consistently below 3.5 months since

Spanish Government bid to win reform backing

BY ROGER MATTHEWS

MADRID, May 25.

WITH THE headline "good morning reform" a Madrid newspaper to-day ushered in the start of the process by which the Spanish Government is seeking approval from the right-wing dominated Cortes (Parliament) for the first part of its political reform proposals.

As the debate began in the Cortes on changes to the law affecting the right to hold meetings and demonstrations — limited to 24 hours because of the Government's professed need for urgent action — the proceedings were being released on bail from Carabanchel jail to which they had been committed on charges of plotting to change the form of Government. Despite the seriousness of the charges, which carry jail sentences on conviction of between 20 and 30 years, bail was fixed at a mere £800.

The three men, Marcelino Camacho, who is Spain's best known working class leader, Nazario Aguado of the Spanish Workers' Party (PTE) and Javier Alvarez Dorronsoro of the Communist Movement of Spain

New Belgian index comes

BY DAVID CURRY

THE Belgian Government has agreed with the unions the mechanic of the new retail price index to come into force on July 1. Because wages are almost universally linked to the index in Belgium, the unrepresentative composition of the old index, which embraced only 14 items, has been blamed for helping to promote wage inflation.

The new index, however, is already under fire, notably because it excludes mortgages from its calculations. As more than 50 per cent. of Belgians are homeowners, mortgage payments are reckoned to

(MCE) had been committed for trial following their participation in a broad left wing and centralist alliance pledged to bring about radical democratic change, a fourth man arrested with them, Antonio Garcia Treviño has not so far been permitted bail. The decision to charge just these four men, despite pleas from other political leaders in the so-called Democratic Co-ordination to be allowed the same punishment, has been seen as a ploy by Minister Manuel Rangel, the Interior Minister, to drive a wedge between what he sees as the Communist and non-Communist elements in the Alliance.

But with King Juan Carlos having decided that he should participate more actively in the life of the country, and of listening to more moderate opposition leaders, this tactic may now have been shelved temporarily. At least one of the politicians the King has seen in the past fortnight is believed to have stressed the necessity of dropping charges against the four members of the Alliance,

retail price under fire

BRUSSELS, May 25.

account for some 16 per cent of the family budget. Industry has claimed that to give due weight to mortgages would depress the inflation rate measured by the retail price index by some two points.

Instead the index, which will contain some 350 items, will count rent for the first time, giving them a 5 per cent weight. As rents are blocked until the end of the year, the immediate effect will be to help stabilise the cost of living, but it is feared that when the rent freeze ends at the beginning of next year, the index will jump alarmingly.

New Belgian retail price index comes under fire

BY DAVID CURRY

BRUSSELS, May 25.

THE Belgian Government has agreed with the unions the mechanic of the new retail price index to come into force on July 1. Because wages are almost universally linked to the index in Belgium, the unrepresentative composition of the old index, which embraced only 149 items, has been blamed for helping to promote wage inflation.

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Instead the index, which will contain some 350 items, will account rent for the first time, giving them a 5 per cent weighting. As rents are blocked until the end of the year, the immediate effect will be to help stabilise the cost of living, but it will be felt when the rental freeze ends at the beginning of next year the index will jump alarmingly.

Giscard announces change of priorities

By Robert Mauthner

PARIS, May 25. President Giscard d'Estaing of France to-night announced a modification of the Government's economic priorities following the strong expansion of the French economy since the end of last year.

Speaking on TV in one of his regular reports on the state of the nation, the French President said that for the past six months, industrial production had been rising at a rate of as much as 9 per cent. Though there would be some slowing down in the second half of this year, 1976 would still be a year of high growth.

The employment situation, too, had improved. Partial unemployment had been halved since the beginning of the year and the number of job vacancies increased by something like 30 per cent. As a result, the Government's economic policy, which was geared last year to stimulating the economy, had to be adapted to the new situation. The Government of hand. Next year's budget, the President said, would be balanced in order to clamp down on inflation, currently running at an annual rate of nearly 10 per cent. For the same reason, the money supply would be more strictly controlled and profit margins, wages and other types of payments would have to be watched closely.

France, the President stressed, exported as much as 25 per cent. of its total production. To remain competitive on the world's markets, it was obliged to practice the export of wage restraint as the other important industrialised nations.

M. Giscard d'Estaing did not, however, announce any specific new measures to control incomes. In the public sector wage agreements would continue to be negotiated between the authorities and the trade unions. As far as the private sector was concerned, the President merely appeared to employers and workers to

The President's words were hardly calculated to strike joy into the hearts of the trade unions only a few months after the end of the deepest recession that the country has known since the end of the Second World War. But Mr. Cieslard's warning did make clear that the lot of France's 7 million old age pensioners would be improved. He would propose to the Government that minimum pensions would be raised to Frs.10,000 (about £1,170) a year for a single person and Frs.20,000 (about £2,350) for a couple by the end of 1977.

Woman dies in Athens riot

BY OUR 'OWN' CORRESPONDENT

ATHENS, May 25

A WORKERS' strike against a Government Bill on trade unions to-day turned into ugly street riots during which shots were fired at police trying to quell them.

A police spokesman said the rioters made use of firearms when night fell and police surrounded a group of them and tried to disperse them with tear-gas bombs.

The incident was the climax to a day of running battles between police and the rioters.

The Ministry of Public Order said 60 policemen and 39 demonstrators were injured in clashes which occurred in central Athens at mid-day after about 5,000 demonstrating workers defied a police ban and attempted

to march to Parliament. Three of the policemen were seriously injured and the number of demonstrators hurt is probably much higher.

A 65-year-old housewife who was caught in the clashes was run over and killed by a riot police car chasing the rioters.

The rioters pelted policemen with stones from buildings under construction and lit fires to block the roads.

Trade unions which called the strike said the 2,000 to 3,000 rioters were not members and were obviously not motivated by trade union reasons alone. Most of the trade unions decided to call off the strike which has affected banks, foreign airlines, transport and communications.

Opposition parties, which has supported the 150,000 striking workers called on the Government to call off the strike.

The entire Athens police force was unable to cope with the situation and reinforcements were called in from other parts of Greece. Unconfirmed reports from the Government put paratroopers on standby in the northern suburb of Kifissia.

When things got out of hand, 1967.

WASH. STATE COLLEGE, PULLMAN, WASH., JAN. 10, 1917.

NOTICE OF REDEMPTION

To the Holders of

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**9½% Guaranteed Debentures Due 1985 Issued
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NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, \$2,500,000 principal amount of the above described Debentures have been selected for redemption on July 1, 1976, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, as follows:

DEBENTURES OF \$1,000 EACH

1	30	1485	2978	4288	56	1079	2110	3476	4622	5868	7187	8482	9648	10787	11825	12948	14048	15174	16236	17327	18448	19589	20749	21929	23129	24349	25589	26849	28129	29429	30749	32089	33449	34829	36229	37649	39089	40549	42029	43529	45049	46589	48149	49729	51329	52949	54589	56249	57929	59629	61349	63089	64849	66629	68429	70249	72089	73949	75829	77729	79649	81589	83549	85529	87529	89549	91589	93649	95729	97829	99949	102089	104249	106429	108629	110849	113089	115349	117629	119929	122249	124589	126949	129329	131729	134149	136589	139049	141529	144029	146549	149089	151649	154229	156829	159449	162089	164749	167429	170129	172849	175589	178349	181129	183929	186749	189589	192449	195329	198229	201149	204089	207049	210029	213029	216049	219089	222149	225229	228329	231449	234589	237749	240929	244129	247349	250589	253849	257129	260429	263749	267089	270449	273829	277229	280649	284089	287549	291029	294529	298049	301589	305149	308729	312329	315949	319589	323249	326929	330629	334349	338089	341849	345629	349429	353249	357089	360949	364829	368729	372649	376589	380549	384529	388549	392589	396649	400729	404829	408949	413089	417249	421429	425629	429849	434089	438349	442629	446929	451249	455589	459949	464329	468729	473149	477589	482049	486529	491029	495549	500089	504649	509229	513829	518449	523089	527749	532429	537129	541849	546589	551349	556129	560929	565749	570589	575449	580329	585249	590189	595149	600129	605129	610149	615189	620249	625329	630429	635549	640689	645849	651029	656249	661489	666749	672029	677329	682649	688029	693429	698849	704289	709749	715229	720729	726249	731789	737349	742929	748529	754149	759789	765449	771129	776849	782589	788349	794129	799949	805789	811649	817529	823429	829349	835289	841249	847229	853249	859289	865349	871429	877549	883689	889849	896029	902249	908489	914749	921029	927329	933649	939989	946349	952729	959129	965549	971989	978449	984929	991429	997949	100449	100929	101409	101889	102369	102849	103329	103809	104289	104769	105249	105729	106209	106689	107169	107649	108129	108609	109089	109569	110049	110529	111009	111489	111969	112449	112929	113409	113889	114369	114849	115329	115809	116289	116769	117249	117729	118209	118689	119169	119649	120129	120609	121089	121569	122049	122529	123009	123489	123969	124449	124929	125409	125889	126369	126849	127329	127809	128289	128769	129249	129729	130209	130689	131169	131649	132129	132609	133089	133569	134049	134529	135009	135489	135969	136449	136929	137409	137889	138369	138849	139329	139809	140289	140769	141249	141729	142209	142689	143169	143649	144129	144609	145089	145569	146049	146529	147009	147
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On July 1, 1976, the Debentures designated as (a) will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons pertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 60 Pine Street, New York, New York, or at the corporate trust office of the Deutsche Bank Aktiengesellschaft, 100 Wall Street, New York, New York, or at the corporate trust office of the Trust Company of New York in Brussels, Frankfurt am Main, London, Paris or Zurich, or Banca Morgan Vivinlier S.p.A. in Milan or in Rome, or Bank Mees & Hope N.V. in Amsterdam, or Banque Internationale à Luxembourg, S.A. in Luxembourg. Coupons due July 1, 1976 should be detached and presented to the office of the Trust Company of New York, New York, or to the office of the Deutsche Bank Aktiengesellschaft, New York, New York, or to the office of the Trust Company of New York in Brussels, Frankfurt am Main, London, Paris or Zurich, or Banca Morgan Vivinlier S.p.A. in Milan or in Rome, or Bank Mees & Hope N.V. in Amsterdam, or Banque Internationale à Luxembourg, S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made in cash, drawn on a dollar account, or by a transfer to a dollar account maintained by the payee, with a New York City bank.

Queen arrives in Helsinki

By Lance Keyworth

HELSINKI, May 25. QUEEN ELIZABETH and Prince Philip began their four-day State visit to Finland this morning in beautiful summer weather. They were met at the gateway of the royal yacht by their Finnish host, President Urho Kekkonen.

A crowd of several thousand watched the welcoming ceremonies from the street and Observatory Hill overlooking the harbour. On May 27, the royal party leave Helsinki for Turku, and on the following day fly to the town of Jyväskylä. The same evening they sail from Turku for England.

New Issue

This advertisement appears as a matter of record only.

May 20, 1978

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DU CAT

EUROPEAN NEWS

BY-ELECTIONS IN IRELAND

An Irish political paradox

BY GILES MERRITT, DUBLIN CORRESPONDENT

JUST SATURDAY afternoons when there is racing at Naas, about 20 miles south-west of Dublin, the Taoiseach turns up, lightly built and dressed in the Irish-conservative style of an Irish country solicitor. Mr. Liam Cosgrave mingles unobtrusively with the crowds.

It is a measure of Ireland's elated and civilised approach to life that the Prime Minister is assiduously ignored by the punter. The inference is that foreigners would draw is not an informal but deep relationship exists between Mr. Cosgrave and the people.

By almost all accounts they could be wrong. Mr. Cosgrave is a stern and unbending leader, little given to justifying his policies in public, and his image is more that of a grim step-father than a patriarch. In the past six months the economy has deteriorated alarmingly, and the Government has been accused of being inept or complacent. In recent weeks, rank-and-file elements of both parties in the ruling coalition, Fine Gael and Labour, have shown their discontent on a variety of issues.

The Irish Government's stock is now probably at its lowest since it came to power just three years ago. It faces the prospect of a worse time with widespread strike disruption this summer. It is not a good time, it would seem, to go to the polls, yet paradoxically, Mr. Cosgrave's coalition stands a good chance of winning both of the by-elections to the Dail scheduled on June 10, even though both seats previously were held by the Fianna Fail Opposition party. It is a paradox, it would seem, to go to the polls, yet paradoxically, Mr. Cosgrave's coalition stands a good chance of winning both of the by-elections to the Dail scheduled on June 10, even though both seats previously were held by the Fianna Fail Opposition party.

The key to the first paradox is that in one of the constituencies, Dublin South-West, the Labour party is extremely strong, while in the other, Donegal North-East, Fianna Fail's previously winning vote is to be split. The area's ingmaker for the past 25 years, Dr. Neil Blaney, dissident ex-minister who was sacked from the last Fianna Fail Government in 1973 on suspicion of being implicated in IRA gun-running, has decided

to run his own Independent candidate. Under proportional representation it is now quite possible that the Fine Gael runner will slip into this normally safe Opposition seat.

The second paradox is that although winning both seats would increase to eight the coalition's overall majority in the 144-seat Dail, the hectic electioneering of the coming fortnight will focus attention on the Cosgrave administration's sorry economic performance and on splits inside the coalition. The Dublin Press has until lately been consistently kind to the Government over the economy, and so far this year Ministers have been drawn into open debate on the central issue of wage restraint in a matter exclusively for the unions and employers.

Trade union resentment

On the hustings it will not be so easy to avoid some straight talking on economic problems. The six-month saga of a wages policy—which began last December with Mr. Cosgrave's call for a "wage" pay pause and looks like collapsing this month with even a pay agreement—has mobilised trade union resentment against the Government's own infeasibility. Failing a last minute rescue of the controversial 13 per cent. wage increase worked out between unions and industry over Easter, many of the 90 unions grouped under the Irish Congress of Trade Unions are likely to strike to press their individual claims in free-for-all wage bargaining. It is a situation that will not only bring the Labour movement but also the left wing of the Labour Party into conflict with the Fine Gael-dominated Government.

A showdown between the unions, backed by elements of the Labour Party, and the Government could well precipitate a general election in the advance of spring 1977, the time that the Government is thought to be loosely working to. Although Mr. Cosgrave does not have to go to the country before March 1978, it is commonly

believed that he plans a snap election once the economy has begun to pick up speed again.

In the meantime, a steady stream of ministerial talent is beginning to make its way to Donegal North-East to support the Fine Gael candidate, Mr. Joachim Loughrey. If the Government is lucky, the big issue in this heavily rural constituency just across the border from Derry in Northern Ireland will be the Ulster crisis. The Government's record on that is popular, and with the mood of Ireland changing away from the old blind republicanism, Mr. Cosgrave's even-handed firmness with both the IRA and the British Government is a sure vote-getter.

The three-seat constituency has traditionally returned two Fianna Fail members and one from Fine Gael, but Mr. Blaney's decision this week-end to run Mr. Paddy Keaveney, 47, as a fellow Independent Fianna Fail candidate may change that pattern. Apart from splitting the Fianna Fail vote, the hawkish position on the North that helped Mr. Blaney retain his own Donegal-North-East seat on the first count in 1973 nowadays carries much less appeal. In the most recent by-election, West Mayo last November, Fianna Fail's new policy of demanding a British withdrawal from Northern Ireland was thought to have lost them the seat.

If the government is less lucky, however, local unemployment and the economy in general will be the prominent issues, as they certainly will be in Dublin South-West, a solidly working-class suburb currently shouldering 16 per cent. of the capital's heavy unemployment burden. The four-seat constituency is increasingly dominated by its sole Labour member, Dr. John O'Connell. His is reputedly in the strongest Labour position in Ireland, and in the 1973 General Election he was acknowledged to be one of Labour's chief vote-catchers. Labour has brought its big guns to bear on the crucial seat, in the shape of the general secretary, Seamus Mallon. Even though Dr. O'Connell is personally at odds with Labour's leader, the Deputy Premier, Mr. Brendan Corish, Mr. Halligan is

receiving Dr. O'Connell's full backing. Providing Labour supporters do not react to the near-stagnant economy with massive abstentions—as has happened in the past—it looks easy for Senator Halligan.

Win or lose in Dublin

As dry runs for a general election, each contest in its way is typical enough to allow significant deductions to be made. One constituency is deeply rural and enables the coalition to test the present strength of Fianna Fail's famous electoral machine. The other is in Dublin, where the coming general election will be won or lost. By the end of the decade one third of the Irish population will be in Greater Dublin, and it was with that in mind that the present Government unashamedly bolstered the electoral weight of the rural areas it is strong in, so one of the coalition Government's first acts was to do the reverse. Like proportional representation, gerrymandering is a complex business and things are not always what they seem. In the two by-election constituencies, for example, rural seats are to be bewilderingly increased and urban ones reduced. Thus Donegal North-East becomes a five-rather than three-seat at the next general election, because Fine Gael's psephologists calculate that with PR they will dilute Fianna Fail's strength. In Dublin South-West, conversely, the four existing seats will become three in the hope of ousting Fianna Fail.

If the Government's handling of the economy has been disappointing, so too has Fianna Fail's performance in Opposition. Many Irishmen are still relieved to be out of Fianna Fail's 16 years of uninterrupted rule; in the five by-elections held so far since the coalition took office, Fianna Fail has lost ground in four.

The challenge that Mr. Cosgrave must fear most of all comes from within the coalition. His own Fine Gael party is somewhat restless following his high-handed refusal to look once again at the question of freer contraception and divorce in spite of a unanimous motion by delegates to the Fine Gael annual conference earlier this month.

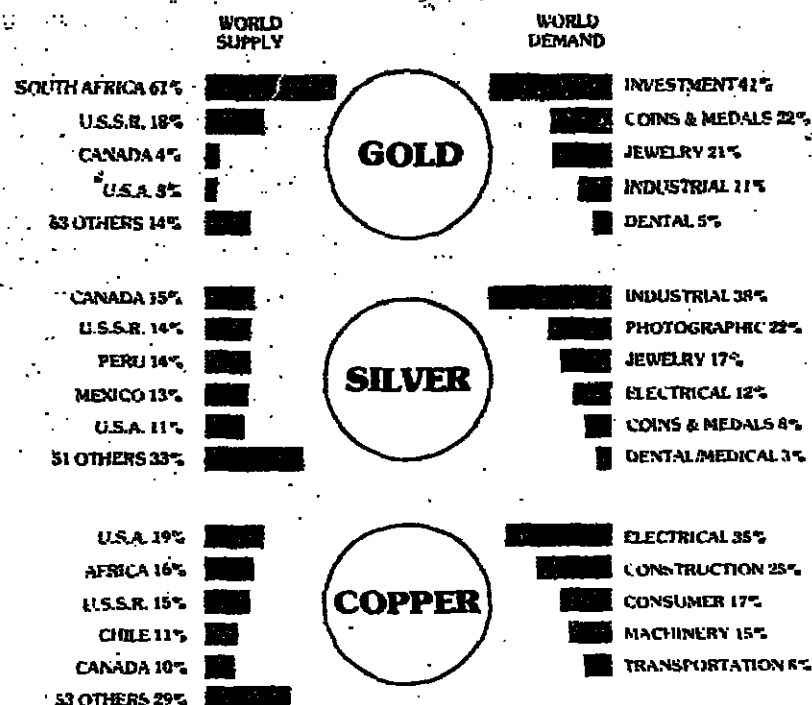
But Fine Gael is normally a disciplined, not to say submissive, party and the real danger lies in the Labour Party. There is growing concern about the Government's slowness in implementing the full range of promised socialist reforms, and bitterness over its headline attitude to the trade unions. Labour's Left-wing is also unhappy with the coalition's tough law-and-order stance, which although intended to deal with the Provisional IRA is seen as an erosion of civil liberties. Mr. Cosgrave has many fences to mend before he can willingly face a general election, and an economy to repair.



Mr. Liam Cosgrave

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Communist summit plan still facing difficulties

BY PAUL LENDVAY

VIENNA, May 25.

STATEMENTS just issued by the Yugoslav, Romanian and Spanish communist Parties indicate that despite optimistic reports from Soviet sources the conflict over the character and purpose of the projected Communist summit of European parties has not yet been resolved and that the official commission scheduled to meet on June 9 in East Berlin is unlikely to be able to agree on a final draft of the conference document.

The Praesidium of the Yugoslav Communist Party last night issued an indirect warning that Yugoslavia would not participate in the conference if agreement on a common document is not reached. The statement claimed that despite certain progress achieved in preparing a draft document, a number of essential questions remained open. It was necessary to draft a document acceptable to all participants yet taking into account the existing differences of views of individual parties on certain issues, the aspidium said, and added that negotiations can be reached only on the basis of respect for the principles of consensus.

The Yugoslavs and also the

Romanians have rejected a compromise proposal put forward by the French Communist Party at the last preparatory meeting at the beginning of May which suggested that, while signing the final document, each party would be permitted to disassociate itself from those parts it finds unacceptable. It is understood that the Yugoslav stand is firmly supported by the Romanian Communist Party and also by Spanish Communist leader Sr. Santiago Carrillo who last week conferred with Marshal Tito in Belgrade and Romanian President Ceausescu in Bucharest. In a lengthy statement Carrillo bluntly stated that there could be no question of a revival of international leading centre in the Communist movement and that the cooperation between the parties was incompatible with claims to primacy or interference in the internal affairs of individual Communist Parties.

They also spoke out against the condemnation or criticism of other parties (meaning China) at international meetings. These statements are said to be part of a seven-point list of proposals the Yugoslavs submitted

at the last meeting of the preparatory commission. According to Yugoslav sources these proposals involved a firm opposition to Moscow's concept of "proletarian internationalism".

The statements issued during the week-end after Carrillo's meetings with Tito and yesterday after his talks in Bucharest pointedly omitted the term proletarian internationalism and used instead the new phrase of "international solidarity." The joint statements in Belgrade and Bucharest signed by the Spanish leader and his host failed to make any reference to the projected Communist conference and stressed instead that co-operation and friendship of Communist Parties must be based on full equality, non-interference and the right of each party to work out its own political line.

In view of the determination of these three parties not to yield on major points of ideology and procedure, East European sources here think it improbable that the full dress conference could be opened soon after the crucial Italian elections on June 29, in East Berlin.

Pravda rebukes Mr. Mason

BY OUR OWN CORRESPONDENT

MOSCOW, May 25.

THE SECRETARY of State for Defence, Mr. Roy Mason, came under fire from Pravda today for allegedly juggling figures on military spending.

A sarcastically worded article in the newspaper's London correspondent accused Mr. Mason

of fomenting anti-Soviet hysteria in a bid to block suggestions by the Labour Party Executive Committee to reduce Britain's defence budget.

On the eve of the sitting of the Committee to consider the matter, Mr. Mason "demon-

strated his mathematical and acrobatic abilities" by claiming that the Soviet Union in fact spends three times as much on military affairs as Britain.

But the newspaper asked where the State Secretary had obtained the figures—"in London rather than Moscow"—and how they had been calculated.

Kissinger and the Pope supported

ROME, May 25.

SIG. GUIDO CARLI, former governor of Italy's Central Bank, said in a front-page article published today in Corriere della Sera that Dr. Henry Kissinger and Pope Paul had not only the right but "the moral duty" to state their opposition to the rising power of the Italian Communist Party.

Sr. Carli, who does not hold any official position since his resignation a year ago from the bank, asked why critics of the U.S. Secretary of State and the Pope were willing to accept their comments when they favoured the centre-left coalition, but not now when they oppose the Communist Party.

The Christian Democrats should not have to hear the full blame for Italy's economic problems, Sr. Carli said, since many of the problems were structural.

Southampton—Cherbourg—New York

MAY	JUNE	JUNE	JUNE	JUL	JUL	AUG
22	3	15	27	9	22	3
AUG	AUG	SEP	SEP	OCT	OCT	NOV
15	27	8	20	9	21	28

New York—Cherbourg—Southampton

MAY	MAY	JUNE	JUNE	JUL	JUL	JUL
5	27	8	20	2	14	27
AUG	AUG	SEP	SEP	SEP	OCT	OCT
8	20	1	13	25	14	31



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DUCATEL HOLDING GROUP

Forecasts for the 1976 financial year have been confirmed by the results of the first quarter which give rise to the hope of an increase in turnover amounting to 20%.

In spite of unfavourable economic conditions, the volume of work carried out in France by the Ducatel subsidiaries, M.G.E. and Ducatel Enterprises (formerly M.P.G.), developed satisfactorily. Turnover for 1976 should show an increase of about 15%.

CE-CAPAG—Ducatel subsidiary in the pipelines sector—which, for the past ten years has concentrated its efforts abroad, gained contracts in Spain, Great Britain and Iran simultaneously, thus ensuring full production capacity until the end of 1977.

Trading forecasts, influenced by the high level of prices, would imply particularly brilliant results, thus allowing for profits to be achieved over a medium-term period. Future plans include the finalisation of overseas branches, and the continuation of activities in Spain and Iran, through the subsidiaries which will respectively be called:

— Gines Navarro Capag
 — Ira Capag

Moreover, Ducatel Holding acquired 25% of the capital of Campenon Bernard Cera, brought about by the merger of the civil engineering branch of Campenon Bernard and of the Ducatel subsidiary, CAPAG-CETRA, which, alone, in 1975 carried out work amounting to Frs. 318 million, representing 38% of the C.B.C. overall turnover.

In order to consolidate the Company's financial structure after the cession of CAPAG CETRA, shareholders will be asked to ratify the CE-CAPAG-MGE and M.P.G. merger into one entity, during the course of the year. At the same time, Ducatel Holding will reinforce its managerial staff structure and increase its equipment.

As regards results for the 1975 financial year, the dividend distributed should be higher than that of the preceding year.

Within the next few days, the Board will announce the distribution of results to be proposed at the Annual General Meeting.

OVERSEAS NEWS

Australia increases defence spending

By Kenneth Randall

CANBERRA, May 25. THE Defence Minister, Mr. James Killen, announced today that the Australian Government had approved a defence expenditure programme of \$412bn. over the next five years, starting with an increase of 3 per cent, and 6 per cent in real terms in the next budget, due to be presented in August.

Mr. Killen said there had been a significant reduction in Australian defence capability under the Labour Government in the past three years and that the nation was going through a fundamental period of transition with respect to its defence obligations.

Defence spending in 1976-77 will be about \$41.9bn., about \$230m. above the current year's total. Training activities in all services will be stepped up and the Government has ordered a complete review of the industrial back-up capability available to the services.

Although today's statement was notably short on specific new spending proposals, its timing was significant in the light of forthcoming visits by the Prime Minister, Mr. Malcolm Fraser, to Tokyo, Peking and Washington.

Mr. Fraser's pre-election policy statement declared bluntly that "the first and fundamental purpose of Australian foreign policy should be... to ensure the security and integrity of Australia" and scuffed at the former Labour Government's "naively optimistic and questionable assessment of the international political scene," including détente.

Mr. Fraser believes a greater effort towards military self-reliance is a necessary premium on the insurance of the American-Australian Alliance for which he will be seeking a formal restatement of support from President Ford in July.

His virulent opposition to Soviet expansionism in the Indian Ocean region, and the belief that it must be balanced by an American presence, has put Mr. Fraser more onside with the Chinese leadership than was expected in the light of his anti-Communism and conservatism.

PALESTINIAN RELATIONS WITH ASSAD AT NEW LOW

Syria in dilemma over Golan

BY RICHARD JOHNS, MIDDLE EAST EDITOR

DAMASCUS, May 25.

PRESIDENT HAFEZ ASSAD will hold talks with Dr. Kurt Waldheim, UN Secretary-General, here tomorrow as part of the build-up to what most observers regard as the almost inevitable renewal of the mandate of the UN Disengagement Observer Force on the Golan Heights.

There is little doubt that Syria, heavily embroiled in Lebanon, will agree to a further six-month extension but it badly needs to gain some kind of concession for it on behalf of the Palestinians.

Promise

The most likely condition would be a promise by Dr. Waldheim of a commitment by the Security Council for follow-up action to the resolutions of the Committee of 20 states until to help advance the rights of the Palestinians.

This morning the Damascus Press said there would be no bulletin after the talks with Dr. Waldheim and nothing would be said about them publicly until next Tuesday—the day after the expiry of the present mandate.

President Assad is playing his cards very closely to his chest but it is taken for granted by diplomatic observers here that

Syrian consent to a renewal will be delayed until the last possible moment.

The mainstream of the Palestine Liberation Organisation and its leader Mr. Yasser Arafat have been bargaining a modicum of co-operation with Syrian mediation in Lebanon against maximum concessions for the movement in return for renewal of the UN mandate. Now with only six days to go to the deadline they have little scope for bargaining.

The other basic factor in the situation is the opposition within the ruling Arab Socialist Baath Party to the leadership's policy in Lebanon which has brought it into confrontation with Palestinian and Left-wing forces. This criticism at home makes it imperative for President Assad at least to appear to be as tough as the situation allows.

Syria has written off for the time being the reconciliation summit that Saudi Arabia and Kuwait have been trying to arrange because of Cairo's refusal to discuss its second disengagement agreement with Israel.

This was revealed here by a highly placed Government source following President

Assad's meeting on Sunday with Prince Saud Bin Faisal, Saudi Foreign Minister, and Sheikh Sabah Al Ahmed, Kuwaiti Foreign Minister.

Syria was prepared to send its Prime Minister, Mr. Mahmoud Ayyoub, to discuss with the other premiers its differences with Egypt over the Sinai pact concluded last summer and to seek ways of settling them, according to the sources.

Topped

Our Middle East staff writes: Relations between the Palestinian guerrilla movement and Syria have reached such a low ebb that highly-placed sources within the PLO are now openly saying that if President Assad does not pull back from his present course in Lebanon he could—and should—be toppled.

Reports reaching London from Beirut yesterday spoke of heavy fighting between elements of Dr. Fatah—the main grouping with the PLO—and Al Saika, the increasingly powerful Syrian-backed group.

What observers feel that the possibility of a coup against President Assad are remote, the inter-Palestinian fighting is regarded as the most serious sign yet of the deep split between two of the staunchest allies in the

Arab world.

Several people were killed and others wounded early on Tuesday in the inter-Palestinian fighting at the port of Sidon, 18 miles south of Beirut.

The leadership of the PLO is now implacably opposed to Syrian involvement in Lebanon and has—since the time being at any rate—sided with the left-wing alliance headed by Mr. Kamal Jumblat which wants Syria to withdraw all its troops from Lebanon.

L. Daniel writes from Jerusalem: Israel will reconsider her agreement to the extension of the UN mandate on the Golan Heights if Damascus makes its extension dependent on other questions, such as the Security Council debate, as she did last November, the Israeli Foreign Minister Allon said last night.

It is felt in Jerusalem that Dr. Waldheim's visit to Damascus is unnecessary since extension of the mandate should be automatic until a new agreement is reached between Israel and Syria.

Dr. Kissinger arrived in London yesterday to attend the meeting of Foreign Ministers of the Central Treaty Organisation (Cento), of which the U.S. along with Britain, Pakistan, Iran and Turkey is a member.

Soviets and Israelis in diplomatic contacts

Although no diplomatic relations have existed between the Soviet Union and Israel since the USSR broke them in 1967, there have been a number of contacts recently. One was a discussion between the Soviet and Israeli ambassadors to the UN, writes L. Daniel from Tel Aviv.

The newspaper Maariv reported yesterday that a Russian diplomat in Washington appeared unexpectedly at the Israeli Embassy there two days later and asked to see an Israeli diplomat concentrating on Middle East affairs. No specific issue was discussed, Maariv said, but the Soviet diplomat reportedly suggested a continuation of the dialogue.

Official Jerusalem is very reticent in its reaction to this, but one official said he thought that the contacts might represent a level that did not obligate the USSR to renew its diplomatic ties with Israel.

Disputed oil

U.S. Commerce Secretary, Elliot Richardson said yesterday that a Korean offshore area where Gulf Oil is said to have decided to relinquish its oil concession "is an area of potential international dispute."

He said that Washington "is concerned that there should be worked out some resolution of the question of territorial or jurisdictional claims between Korea and other countries" to the area. The area in the East China Sea, known as block four of the Second Continental Shelf, is also claimed by China, which previously has warned against oil exploration in the general area by third countries without Peking's consent.

Miki refusal

Prime Minister Takeo Miki of Japan, said yesterday he will not step down until the Lockheed payments scandal is cleared up, UPI reports from Tokyo. "I'll absolutely refuse to give up my office" to clear up secrets of the scandal that has rocked his party.

Philippines floods

The Government yesterday ordered the evacuation of thousands of people in two widely separated areas of the Northern Philippines where large stretches of the coastline have been overtopped by waves.

President Ferdinand Marcos declared Luzon, which includes Manila, a calamity area. Typhoon Olga, now out over the South China Sea, has left a trail of destruction and at least 53 dead.

Guerillas in Eritrea braced for 'invasion'

BY GWYNNE ROBERTS

ERITREAN GUERRILLAS—short of weapons and ideologically split—are bracing themselves for an invasion next month by an estimated 40,000 armed Ethiopian peasants.

The rebels are expecting a four-pronged assault with attacks launched simultaneously from Ethiopian garrisons inside Eritrea, from units landing along the Red Sea coast, and from peasants attacking on two fronts across the Eritrean border.

The two Eritrean guerrilla movements—the Eritrean Liberation Front (ELF) and the Popular Liberation Forces (PLF)—are stretching their defences to protect the civilian population and deploying their 20,000 men throughout the province, according to Eritrean sources.

Guerrilla representatives, who have just returned from Eritrea, see the offensive as a desperate attempt to re-establish control in a province where, after years of sporadic fighting, the guerrillas are pressing in on the army in all the major towns. The Eritreans see such an army as a revival of a tactic used throughout Ethiopia's 2,000-year history to control unrest in outlying provinces.

Arms purchases

An estimated 40,000 peasants—many poorly armed—have reportedly been sent to Eritrea's borders aboard commandeered buses and lorries. They may be joined soon by another 120,000 irregulars.

Unconfirmed reports of major purchases of small arms by the Ethiopian Government are growing. One problem the Ethiopians face is the early arrival this year of the rainy season which will hinder a co-ordinated offensive.

The campaign comes at a crucial time for the guerrillas. They are facing their greatest gamble to settle the Eritrean test with funds and arms problem finally. It would then stocks dwindling. Attempts to unite the rival wings of the guerrilla movements have also other revolts taking place, but on a purely local military plane, both groups are likely to increase local co-operation in view of the common Somali threat they are facing.

Eritrean guerrilla representatives have disclosed that arms Eritrean but also hopes of supplies from the Middle East influencing the territory of the have been withheld from the Afars and Issas (Djibouti) which more radical Marxist PLF as a may become independent of result of an internal dispute France later this year. Djibouti between its field commanders is of crucial importance to its former Beirut-based Ethiopia because it is the outlet for foreign relations. Chief of the only railway link with the sea.



In the past, the PLF could draw its support from Iraq, Saudi Arabia and Kuwait but now is living on supplies stored during the past three years. A major campaign could quickly exhaust its munition stocks.

The Ethiopian Government is pursuing a two pronged strategy towards the Eritreans. On the one hand it is mounting the military assault at the same time it is holding out the carrot of an offer to start talks with the Eritreans, but not with Eritrean organisations which are in collusion with feudalists, reactionaries, and imperialists. It has hinted that the talks could lead to a looser federal structure for all the different nationalities inside Ethiopia, including the Eritreans.

The initiative's timing catches the PLF in a political disarray. The ELF is thought to be at full stretch supplying its troops in central Eritrea and distributing food to the Eritrean peasants. The initiative's timing catches the PLF in a political disarray.

The mobilisation of the peasants' army appears to be a gamble to settle the Eritrean test with funds and arms problem finally. It would then stocks dwindling. Attempts to unite the rival wings of the guerrilla movements have also other revolts taking place, but on a purely local military plane, both groups are likely to increase local co-operation in view of the common Somali threat they are facing.

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East African Community pays debts

By John Werrall

NAIROBI, May 25. THE EAST African Community debt crisis, which prompted the World Bank to suspend \$50m. in loans, is over for the time being, after a flying visit to Nairobi.

Dar-es-Salaam and Kampala by the Secretary of the World Bank, Mr. P. N. Daurry.

All the outstanding debt repayments, some \$750,000, have now been cleared by the East African Railways, East African Harbours and the Posts and Telecommunications Corporations.

A source close to the World Bank said today that it was not lack of money to repay debts that had been the problem. It was rather a lack of goodwill and planning among the three partners in the East African Community.

U.S. welcomes Cuba 'pull-out'

BY ROBIN REEVES

THE DECLARED intention of Dr. Fidel Castro, the Cuban leader, to begin the withdrawal of Cuban troops from Angola was given a cautious welcome here today by Dr. Henry Kissinger, the U.S. Secretary of State.

While describing the news as "a positive development," Dr. Kissinger stressed that the U.S. would be satisfied only when all Cuban military forces had been removed from the area.

The Secretary of State confirmed that he had learned of the intended withdrawal from Mr. Olaf Palme, the Swedish Prime Minister, during their discussions in Stockholm yesterday. In a letter received four days ago Dr. Castro had asked Mr. Palme to inform the U.S. authorities of Cuba's decision to start withdrawing its military forces from Angola at the rate

of 200 troops a week. According to reports from Stockholm, the letter also promised that Cuba will not use the troops anywhere else in Africa or Latin America.

But Dr. Kissinger, who was speaking after his talks with M. Gaston Thorn, Luxembourg's Prime Minister, cautioned that the letter contained only the implication of an eventual total withdrawal of combat troops. It had not given a precise figure of the overall numbers involved or the types of military personnel to be withdrawn. He said that the U.S. was now making its own checks in order to provide further confirmation.

The number of Cuban military personnel in Angola is estimated at between 12,000 and 15,000 men. Withdrawal of 200 a week could take 14 to 18 months.

Jane Bergeron reports from Lusaka: Mr. Lopo de Nascimento, the Angolan Prime Minister in the Soviet Union on a State visit, is reported as having said at Lagos airport that certain units of Cuban troops are leaving Angola.

Apart from a brief Press statement, there has been no official comment in Angola on the reports.

Our Moscow correspondent writes: Two days of Soviet-Angolan talks believed to have centred on military affairs ended today in the Kremlin. A dispatch by the official Tass news agency gave only scanty details.

The presence of Mr. Dimitri Ustinov, the new Soviet Defence Minister, prompted diplomats to suggest that Soviet arms for the new African nation and Black Africa's strategy against White-minority governments in the continent figured prominently in the negotiations.

The Botswana railway. Page 29

ICL GEC RTZ KLM,
GKN, DSM... DSM?

for a leading company
we are initially misleading

We should have called ourselves ICI, for Immense Chemical Ingenuity. Or GEC for General Experts in Chemistry. Or ABC for Acrylonitrile, Butadiene, Cyclohexamine to take but three of our hundreds of products. All much less misleading than DSM.

D FOR DUTCH. Our HQ is at Heerlen in Holland, but we don't stop there; one third of the total of 30,000 DSM men are located in subsidiaries and associate companies in the United States, South America, all over Western Europe and many other countries as well.

S FOR STATE. Misleading if you think a state business is protected from the chill winds other businesses have to face. Our Government's instructions to us are to make a profit and to raise any capital we need in the market place like everyone else. That's how protected we are.

M FOR MINES. That's so misleading it's a wonder nobody has sued us. We once operated several Dutch coal mines, but the last Dutch-mined coal came up in 1973 completing a smooth and profitable move to other energy sources and wider enterprises. We'd long been in coke, then gas and chemicals; now we're in petrochemicals, fertilisers, plastics, yarn and fibre feedstocks, rubbers, resins, building materials, transport, clothing... But after 70 years we're stuck with DSM. If it helps, you could think of us as Developing Synthetic Molecules, or Dying to Show our Methods—or even as a Definite Source of Money.

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ORDINARY MEETING OF THE SHAREHOLDERS ON 21ST APRIL 1976

The Meeting of the Shareholders of Banco di Roma approved the Balance Sheet as at 31st December 1975, the Profit and Loss Account, and the distribution of the profits for the financial year. After the customary appropriations and depreciations, the trading account closed with a net profit of L.533,645,018, on the basis of which the Meeting decided to allocate L.1,500,000,000 to reserves, which therefore rise to L.22,000,000,000, to distribute a dividend of 10%, and carry forward the remaining profit of L.132,708,914. The Meeting also confirmed the appointment of Dott. Manlio Geronzi as Director, who had been co-opted to the Board of Directors on 22nd December 1975. The Board of Directors, after the Shareholders' Meeting, reconfirmed Avv. Vittorio Veronesi as Chairman and Dott. Danilo Ciliatti as Vice-Chairman. The Managing Directors are: Avv. Giovanni Guidi and Avv. Mario Barone; while Avv. Tommaso Rubbi was reconfirmed as Secretary of the Board of Directors.

BALANCE SHEET AT 31st DECEMBER 1975

ASSETS		LIABILITIES	
Cash:		Capital (n.8,000,000 shares of L.5,000)	40,000,000,000
In hand	L. 38,178,025,416	Reserve Fund	20,500,000,000
Other liquid assets	176,194,126,655	"Riserva tassata" (law n.823 of 19/12/73)	108,156,444,778
	L. 214,372,152,071	Reserve for monetary correction (law n.576 of 2/12/75)	27,550,000,000
Deposits with the Central Bank, the Treasury and the Post Office Administration	870,859,199,193	Profit brought forward	99,063,896
Funds with Italian and foreign banks	1,388,598,471,946	Reserve for bad and doubtful debts	32,137,838,852
Bank owned securities:		Savings accounts	1,977,712,510,494
Ordinary and long-term Treasury bonds and other governmental securities	161,324,254,482	Customers accounts	2,838,840,498,840
Debentures	996,583,449,685	Correspondent credit accounts	2,938,839,055,516
Shares	1,166,988,918	Debts to associate and controlled companies	155,641,085,177
	L. 1,159,074,693,085	Bankers' drafts	101,731,942,360
Holdings	156,270,903,895		L. 8,012,765,092,387
Portfolio	445,033,380,283	Funds of third parties for administration	410,824,500
Discounted bills	103,360,000	Advances from Banca d'Italia	21,000,000
Carry-over transactions	4,527,365,869	Portfolio of bills discounted	103,360,000
Customers loans and overdrafts	3,055,225,385,005	Bills for collection	216,199,899,079
Correspondents' debtor accounts	324,665,145,633	Collectors offices	1,731,252,148
Credit to associate companies	742,063,398,340	Sundry creditors	161,103,222,325
	L. 4,571,618,035,130	Shareholders' dividend account	10,000,000,000
Expenses to be written down	1,266,124,101	Staff severance fund	136,346,263,820
Furniture and fittings	7,707,281,738	Quoted stock revaluation fund	25,800,000,000
Plant and machinery	24,509,710,780	Furniture and fittings depreciation fund	2,563,171,171
Real properties owned	96,906,646,003	Plant and machinery depreciation fund	10,610,723,549
Collectors offices	5,370,298,011	Real property depreciation fund	11,766,354,589
Bills received for collection	167,999,691,861	Accrued interests	45,992,136,925
Sundry debtors	139,949,239,828	Accrued rebates	11,101,420,994
Deferred credits	64,602,081,071	Net profit for financial period	5,533,645,018
Accrued charge receivable	999,228,398		L. 8,870,557,281,258
Staff severance fund — with I.N.A.	453,518,248		
	L. 8,870,557,281,258	Engagements on Behalf of Customers:	
Liabilities of Customers for Engagements:		Documentary credits and acceptances	273,826,789,180
Debtors for the opening of documentary credits and acceptances	273,826,789,180	Guarantees and sureties	727,346,636,624
Debtors for guarantees and sureties	727,346,636,624	Guarantees for third parties	18,866,844,132
Debtors for deposits on accounts of third parties	18,866,844,132	Exchange and securities for delivery	573,185,652,940
Debtors for forward exchange and securities	573,185,652,940	Creditors for forward exchange and securities	604,567,623,775
Exchange and securities receivable	604,567,623,775	Tax collection offices—Creditors for instalments due	9,801,938,623
Tax collection offices—Instalments of tax due	9,801,938,623	Investments made on behalf of third parties per contra	146,659,367
Investments made on behalf of third parties	146,659,367		L. 11,078,299,405,899
	L. 11,078,299,405,899	Suspense accounts:	
Suspense accounts:		Depositors of certificates and securities—guaranteeing Directors—L.	2,400,000
Certificates and securities of third parties	2,773,564,769,355	—in custody	2,316,046,612,351
Depositors of certificates and securities	996,973,741,455	—as guarantee	445,764,509,041
	L. 14,848,837,916,709	—blank signed cheques of Correspondents	11,749,047,963
		Deposits of certificates and securities with third parties	996,973,741,455
			L. 14,848,837,916,709

EUROPARTNERS: BANCO DI ROMA — BANCO HISPANO AMERICANO — COMMERZBANK — CREDIT LYONNAIS

HOME NEWS

Industry must play role in politics—Howe

BY RICHARD EVANS, LOBBY EDITOR

SIR GEOFFREY HOWE, Shadow Chancellor of the Exchequer, last night urged leading financial institutions and shareholders to play a much more active political role.

His argument, which has the full backing of Mrs. Margaret Thatcher, the Tory leader, is that private enterprise should campaign more aggressively to ensure that relations between Government and industry were constructive and not stifling to economic progress.

Sir Geoffrey, speaking at the European Conference arranged by the Administrative Staff College, the Confederation of British Industry and the European Cultural Foundation, outlined 12 principles which he felt would restore in the U.K. "the immense beneficial dynamic of the mixed economy, on the basis that the best mixed economy is the one that is most free."

One of his arguments was that "the powerful and talented group of people who manage the institutions that control so much of the nation's wealth must be led to play their full part in political debate as well as in the economy."

Lame ducks

"They should insist upon effective representation through the National Economic Development Office. And if they did not wish to see the State usurp their rights as owners of industry, they must devise mechanisms that would allow them to play an active role in supervising industrial management."

Increased representation was essential because it was one of the functions of ownership to question the management of lame ducks when they first began to limp. "Is that not what annual general meetings are supposed to do," Sir Geoffrey asked.

Politicians who sought to champion the merits of capitalism found it difficult to explain to pensioners who had lost their savings why more expert shareholders did not act in time to protect their investment.

Equally, much more had to be done to promote confidence and understanding between Government and industry and the NEDO should be the nucleus of this effort.

"Certainly I do not have in mind an extension of intervention and control by the State—still less the establishment of a corporate State. But we should be foolish to ignore the fact that no modern capitalist economy from America to Japan, expects its industries to compete with their international rivals in total isolation from Government."

Each capitalist nation had evolved a relationship with industry which recognised the interdependence of industry and Government.

Argument

A paramount political objective should be the need to overcome, by argument and performance, those who continue to argue for the creation of almost total State control of industry. But this opinion-forming task was too important not to be left to the politicians alone.

Adrian Hamilton writes: A warning that the U.K. and such groups as British Steel can no longer go on purchasing their vital mineral supplies on a short-term basis as they have in the past was given to the conference by Mr. R. W. Wright, a director of Rio Tinto-Zinc Corporation.

Guyana will pay £10m. to Booker

By Keith Lewis

BOOKER MCCONNELL, the international commodity and trading group, is to be paid approximately £10m. as compensation for the nationalisation of its trading assets in Guyana.

It was known in February that talks with the South American Government were about to take place, though serious negotiations did not begin until the end of March.

The compensation compares with a valuation placed on the assets of over £15m. However, Booker said yesterday that the assets would have yielded a loss in the current year because of the export levy. In 1975, Booker made an attributable loss of £784,000 on its estates in Guyana after the payment of a levy amounting to £33m.

New approach to alcoholism 'can save £5bn.'

BRITAIN had an alcohol-dependent population of more than a million people out of a 25m. working population. Mr. David Adam, a City accountant, told a meeting on alcoholism in the City at St. Bartholomew's Hospital, London, yesterday.

The treatment so far had been repeated admissions to mental hospitals which was proving increasingly expensive, said Mr. Adams. The private sector of medicine should innovate facilities so that alcoholics could receive continuous care without going into hospitals.

Adopting such a practical approach would ultimately save the Health Service about £5bn.



Five guides from the London Stock Exchange step out escorted by dealer Stefan Motylinski. They are wearing a summer uniform designed by Hardy Amies. The dresses are in cotton poplin, with short sleeves, two large pockets and belts in coral, banana yellow or black. The guides (pictured yesterday) are (left to right): Alexandra Ker, Elizabeth Poole, Anna Reckie, Thalia Booth-Jones and Patricia Gordon.

Midland prepares for higher charges

BY MICHAEL BLANDEN

CUSTOMERS of Midland Bank will soon face higher charges now that the bank has submitted proposals to the Price Commission.

Midland is the last of the big four banks to move towards higher charges. It is understood that the planned increases will cover both personal and corporate customers.

The present Midland tariff gives free banking to personal customers if they maintain their account in credit or keep an average balance of £50. There may now be a rise in the qualification for free banking, requiring customers to keep a minimum balance of £100 or an average of £200. National Westminster, however, has indicated that while raising charges it does not plan to increase the £50 minimum balance which gives free banking.

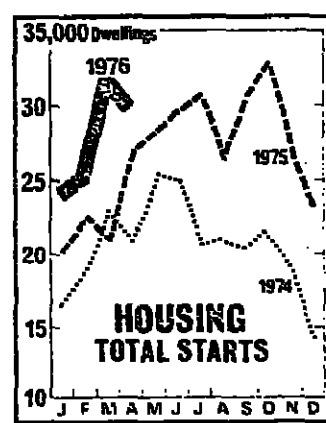
House starts down last month

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

THE NUMBER of new houses on which building work started in April was at its lowest level, on a seasonally adjusted basis, since the third quarter of last year, according to provisional Government figures issued yesterday.

The drop is mainly in the public sector, where from February to April starts were 14 per cent. lower on an adjusted basis than in the previous three months. There was still an 18 per cent. rise overall on a year before.

Starts totalled 30,000, with 13,500 in the public sector and 16,500 private. The number of completed homes was 25,500, with 14,000 of these in the public sector.



New fall feared

While the drop in public-sector starts was expected, there are fears that private housebuilding activity will repeat last year's pattern with a fall towards the second half of the year.

March figures showed the highest level of starts since 1973, but the provisional April figures are below these on both actual and adjusted bases. It is thought the March total may have been artificially boosted by builders anticipating the proposed start-inning date for Development Land Tax.

Last year work started on a total of 148,000 private homes. A first quarter show 17,200 houses demolished or closed, against 11,400 last year. Building starts by housing associations showed another record total of 6,540 in the first quarter, the equivalent figure last year being 3,724.

More demolitions

House renovation grants for England and Wales in the three months showed a slight drop to 19,900. Final figures on the first quarter show a similar drop, though the totals for the whole of Britain show a marginal rise to 45,500.

Slum clearance totals for the total of 148,000 private homes. A first quarter show 17,200 houses demolished or closed, against 11,400 last year. Building starts by housing associations showed another record total of 6,540 in the first quarter, the equivalent figure last year being 3,724.

THE BIGGEST CIGARETTE NEWS OF 1976.

Benson and Hedges King Size still at 47p for 20.

In last month's budget, the Chancellor of the Exchequer took the first steps towards changing the way tobacco is taxed in this country.

This eventually will bring us in line with the rest of the EEC.

The new system will considerably narrow the price gap between King Size cigarettes and ordinary cigarettes.

Benson and Hedges, however, want to give smokers of Special Filter the maximum benefit of this change at once.

Therefore the price of twenty Special Filter stays at 47p while the price of less expensive cigarettes goes up. So they'll cost just 2p more than the leading standard size brand.

And if that isn't the biggest cigarette news of 1976, we don't know what is.

Pure Gold, still at 47p for 20.

*Recommended Price.



Honeywell gives Scottish plant £130,000 boost

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

NEVWELL yesterday announced a £130,000 investment programme to upgrade the efficiency of its microswitch division at Newhouse, Lanarkshire. More significant than the project's cost was the U.S. company's statement that it underlined its continuing commitment to Scottish production. Honeywell has cut its Scottish labour force several times over recent years.

The new programme does not involve an immediate increase in jobs, but Honeywell said it sees this would follow. It sees

Restore incentives next year, says Adamson

BY ADRIAN HAMILTON

THE PRESENT rigidity of pay and price restraint must end in the second phase of the Government's counter-inflationary strategy next year, Sir Mitchell Adamson, retiring director-general of the Confederation of British Industry, told a Belfast audience yesterday.

Pursuing the CBI's vigorous campaign to improve the financial lot of middle management, he declared that "people in industry at all levels need incentive if they are to give of their best."

Quicker for commuters

THE FIRST phase of British Rail's Great Northern suburban electrification between London and Royston will be complete by November 8 with the introduction of electric trains between Moorgate, Welwyn Garden City and Hertford North. It was announced yesterday.

Up to 15 trains an hour will run at peak times. The trains will operate over the lines between Drayton Park and Finchbury Park, linking the

"But for the decision makers, the manager, incentive is something more. It is one of the calculations that go into the measurement of risk."

"Why should a manager put in hand a difficult expansion programme, take on a particularly tough assignment, put his career at risk when the personal rewards for risk taking are no higher, and frequently much less, than if he opted for the quiet life and safety first?"

Just as the pay policy failed to reward individual initiative, so the price controls failed to reward corporate enterprise he asserted.

Northern City line to Eastern Region's main lines.

Services will then run directly for the first time between Moorgate and Welwyn Garden City and Hertford North. Hertfordshire. Electrification would save up to 15 minutes. British Rail said.

Electrified services between King's Cross and Royston, completing the overall electrification project, are due to be introduced in autumn next year.

MIDDLE TAR As defined by H.M. Government
EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

HEATING

Encouraging the use of solar power

THERMASOL solar heat collectors have been accepted for Design Index, the manufacturer—Consumer Power Company—reports. It is the first of its group in the manufacturing industry of the U.K. to reach such a position.

Two years' design work in collaboration with Wickham, Bell and Associates has led to the concept of a solar heating system which has been extensively tested both at the plant and in actual installations. Savings in electricity have been shown to lie between 1,000 and 1,200 units per year and per panel—say between £20 and £25 a year.

Each panel is capable of extracting 11 kWh (over 5000 BTU/hr) in bright sunshine at an ambient of 70 degrees F.

Even in overcast conditions, sufficient infrared is absorbed to make the panels interesting.

Recommendations by the company are that to supplement existing hot water installations, two panels should be used for each 20 gallons of hot water storage.

Such an installation, with its two panels, indirect cylinder separately installed and controls and pipework could be set up for £350—excluding any necessary building work.

On the face of it, amortisation would take about seven years but traditional fuel prices are still escalating and in the final analysis, any means of cutting their use is welcome.

Roof, wall or ground level installation can be chosen to suit the site and thereafter no maintenance other than occasional cleaning of the facing glass is required.

Consumer Power is at Thaxted Road, Saffron Walden, Essex. (0789 22320).

Hot water

ad lib

A CENTRAL solar-fueled system has just started operation at the Neptune Hotel, Eilat.

Miromit, Hayarkon Street, Tel Aviv, which designed, produced

INSTRUMENTS

Ultrasonics help remove body fat

A SURGICAL development, which may have applications in industry, uses an ultrasonically driven hollow needle to remove excess adipose tissue.

Body fat is compliant, that is, it tends to slide away from a cutting edge which makes surgical excision difficult.

The operation also tends to leave "quilting" of the skin and unsightly scarring.

Assisted by a vacuum pump, the hollow needle is vibrated at high speed by the ultrasonic drive.

This breaks up the fat, and at the same time seals small blood vessels (probably by frictional heat coagulation).

The inventors say that to remove a "spare tyre" from the waist would probably take four insertions of the needle. Adipose tissue cells thus removed do not regenerate.

The operation is reported to be painless and swift, similar to a blood donor session. The equipment is now under extensive clinical trials.

Because the light, portable machine requires careful servicing it will be available on lease only. Manufacture of the equipment is in progress, but the inventors are still looking for a suitable leasing company.

Details from Mr. K. S. H. Clarke, 35, Ganshill, Guildford, Surrey (0483 62626).

PACKAGING

Packaging film plant expansion

A £200,000 expansion programme has been announced by Filmon International Inc., British subsidiary of R. J. R. Archer Inc., of Winston-Salem, U.S.

The company, which claims a major share of the U.K. market for packaging films, is purchasing a 22,000 square feet factory adjacent to its existing 46,000 square feet headquarters in Sedgefield, Stockton-on-Tees.

In addition, the company is to install new extrusion and ancillary equipment costing some £75,000 which will boost its production capacity by about 20 per cent.

Filmon claims to supply 60 per cent. of the U.K. market for pvc food packaging films and 20 per cent. of that for industrial shrink films. In addition to meat wrap, produce wrap and shrink films, the company manufactures portable wrapping stations for catering establishments and cling and stretch films which are supplied to converters for making consumer products.

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HOME NEWS

Wool textiles industry seeks new aid scheme

BY RHYS DAVID

THE GOVERNMENT is considering proposals from the wool textile industry for a new aid scheme to replace the one which has ended.

The industry, which received £3m. in aid towards rebuilding and re-equipping projects under the first scheme—the first of a series launched under the 1973 Textile Industry Act—is hoping the new scheme will agree to a much larger sum being made available to enable rationalisation to continue.

The latest proposals, likely to be discussed shortly at a meeting of the Wool Industry Economic Development Committee, are thought to involve giving smaller concerns and on other aiding mergers within a industry.

The approach comes at a time when rising optimism within the industry, which is beginning to emerge from the recession of the last two years. The industry's first scheme was originally set at £15m. but extended to £18m. to cover outstanding applications.

Mr. Michael Roberts, chairman of the Wool Textile delegation,

told the annual Press conference in Bradford yesterday, of a strong upward trend in business in the first quarter of 1976. Wool consumption had increased by 14 per cent. over the same period of last year and production of wool tops (combed wool) was up 23 per cent.

Most of the increased demand came from export markets with total wool textile sales abroad in the first quarter up nearly 30 per cent. over the first quarter of 1975.

The industry was still concerned, however, at the continuing impact of low cost clothing imports on its home cloth sales. Mr. Roberts hoped the Government's new restrictions, including limits on suit imports from the Commonwealth countries, would begin to make their effect felt over the next few months.

But he said that because of the imports and the recession the industry had lost production capacity and workers who would be required when demand returned to normal levels.

In export markets the industry would continue to press for the removal of high tariff barriers.

Mr. Philip Brook, chairman of

the National Wool Textile Export Corporation, said the industry was hopeful of gaining support from the American Association of Clothing Manufacturers which was suffering because of the very big duty imposed on wool cloth in the U.S.

American clothing manufacturers were unable to buy high quality wool cloth at home, yet a duty of 38 per cent. plus 37½ cents per pound was being imposed on imports of U.K. cloth. As a result U.K. exports to the U.S. were at their lowest for some time.

With the industry recruiting again as a result of rising demand, discussions on the introduction of a formal careers structure have been started with trade unions.

The scheme, which was delayed because of the recession, will offer an integrated approach towards training within the industry and is likely to be presented in the next few months if agreement with the unions is reached.

The industry's training Board will help employees to equip themselves with technical qualifications.

Disguised business selling attacked

By Arthur Smith

DISGUISED business sales are misleading and against the interests of consumers, claims an official report published yesterday.

The attack on such practices as a trader placing a newspaper advertisement suggesting that the seller is a private individual comes from the Consumer Protection Advisory Committee.

The Committee supports the Director General of Fair Trading's proposal that the Prices Secretary should prohibit business sellers from publishing advertisements which do not make it clear, either by the wording or context, that goods are being offered in the course of business.

Action to implement the recommendations of the Committee, set up to carry out investigations for the Director General of Fair Trading, has been promised by the Government.

LONDON SYMPOSIUM ON AUTOMATION

The human factor is vital

BY DAVID FISLOCK, SCIENCE EDITOR

TO ATTRACT investment for automation, schemes had to be seen to produce satisfactory results for everyone concerned by leading to great competitiveness, more sales, better job prospects and adequate returns, Lord Nelson, chairman of GEC, told a symposium on automation in London yesterday.

In each case, the confidence of both capital and labour had to be established, he said.

Posing the question: Is it investment which leads to higher productivity, or higher productivity which leads to investment? Lord Nelson said that he was inclined to believe the latter.

"Rising productivity certainly encourages investment," Lord Nelson was opening a one-day symposium on "Reviving the U.K. economy—what can automation offer?"

The symposium was organised jointly by the Institutions of Electrical and Mechanical Engineers.

He said that if automation schemes continued to ignore the human factor, workers might ultimately face more serious tensions than the physical ones that the schemes were eliminating.

An example of mistaken thinking about the problem of implementing automation was the conclusion drawn from a conference of the International Labour Office in 1952, which placed the main responsibility for automation squarely with management.

Sir Monty Finniston, chairman of the British Steel Corporation, in a statement claiming that where automation had been correctly applied, "there have been clear and very significant benefits to us" also emphasised the human factor in his company's future automation plans.

The company did not claim that it knew how to integrate operators efficiently into automation schemes, but trying to meld the two was now a constant concern.

For example, the operator was capable of anticipating problems ahead of the machine—a valuable advantage of the computer.

Sir Monty said that BSC had learned four lessons since it began to instal its automation

schemes in the early 1960s. First, the engineering had to be reliable—one or two of its schemes had been thrown out because of poor availability. Secondly, the scheme had to win the confidence of operators from the outset.

A third lesson was the tendency to be over-optimistic in assuming that the computer's flexibility would make up for any shortcomings in the engineering of the automation scheme.

The fourth lesson his company had learned was that it was necessary to know about the final nuances of the process before it could be satisfactorily automated.

A cautionary tale about failure to take account fully of the human factor was offered by a Dutch engineer, Mr. P. I. Sygell, head of mechanical engineering at Philips, who described how a highly sophisticated automatic assembly installation for fluorescent tubes had begun to deteriorate in performance after a successful start.

To obtain reliable data, he had installed "in desperation" a small process computer on the plant.

What he found was that, having eliminated all manual operations, the company was depending too heavily on the one remaining operator who did not have enough capacity to eliminate all the small troubles as they arose, which thus accumulated and adversely affected the overall performance.

M & G Friendly Society pays out to 30,000

BY CHRISTOPHER HILL

NEARLY 30,000 of the 46,000 members of the M & G Friendly Society have now been sent the maturity proceeds of their Family Bonds. These caused a political storm when they were launched in 1956 and led to the tax rules for Friendly Societies being tightened later that year.

M & G had formed its own friendly society in order to take advantage of the tax-free concessions then available and attracted £10m. in a very short time as a result.

The attitude of the Labour Government at the time (when Mr. James Callaghan was Chancellor) was that it was a misuse of friendly societies to provide a tax-free vehicle for surplus payers. Mrs. Margaret Thatcher argued in favour of maintaining the existing situation.

There were strict rules governing friendly societies even before the changes—to the extent that only £338 a person could be invested and that 50

per cent. of the proceeds had to be in gilt-edged stock.

The result of the investment after 10 years is that an equivalent 68 4p per bond at the outset would now be worth a little over 150p. Any member of a family could own the bonds and a lot of the original bonds were issued to children.

Plea launched for £100,000

AN APPEAL for £100,000 was launched yesterday by Lord Elgin, chairman of the International Gathering of the Clans 1977, to help finance the two-week festival during April and May next year.

Lord Elgin told a Press conference in Edinburgh that many Scottish organisations had made donations already. Thousands of clansmen from all over the world are expected at the festival, which will open in Edinburgh.

Bank equity investment criticised

By Michael Blanden

POSITION to equity investment by the big banks is criticised today by Sir Eric Milner, chairman of Lloyds.

Countering pressures for the banks to follow their German counterparts in a long-term commitment to industry, he says in today's issue of the magazine Country that the banks could stick to banking. This is mainly to short-term saving.

The banks should not seek to become "jacks-of-all-trades". The lender and the investor, each had a separate role to play in the support of industry and should remain dependent of each other.

Sir Eric replies to the "unfounded" criticism of the banks in the City generally for failing to provide funds in support of industrial investment.

There had been a decline in investment in industry, "I do not say that this can be all specifically at the door of the banks, or even of the City generally. Funds have been available for creditworthy borrowers; they still are."



More Celtic Sea licences likely

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT'S next round of offshore exploration licences is likely to include new areas in the Celtic Sea, Irish Sea and Western Approaches.

The strong hint was given yesterday by Mr. Dickson Mabon, Minister of State for Energy. His comments, made at the opening of the Offshore Wales Conference in Cardiff, confirmed the oil industry's view that the fifth round of licences will be spread across a wide area of offshore acreage, including the favoured Moray Firth area of the North Sea.

The Government is expected to announce shortly its proposed terms for the new licence round. The industry will be asked for its comments before the terms are embodied in the licence proposals, expected later this summer. The new acreage is likely to be allocated in December or January.

Mr. Mabon said that the Government was looking at the possibility of opening up new areas off the west coast of Britain although he conceded that three wells drilled so far in the Celtic Sea had been disappointing.

Under the terms of the Celtic Sea licences a further 21 wells should be drilled by March, 1978. "I am bound to say that present activity in the Celtic Sea area is low largely because licensee companies have quite naturally concentrated their attention on the much safer prospects in the North Sea with its prolific rate of discovery."

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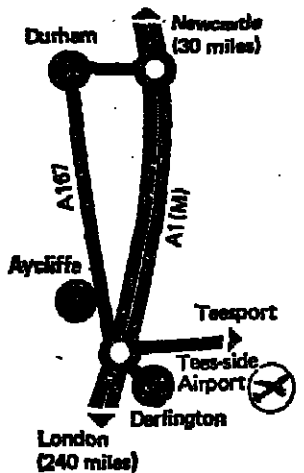
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Prospects

However, commercial gas reserves had been found off Kinsale Head on the Irish side. A discovery on one of the wells being drilled on the British side this summer would increase interest and activity.

There was also gas in Morecambe Bay and reasonable prospects in the Irish Sea. "There is a big undrilled and, perhaps, promising area in the Western Approaches. Commercial discovery in any of these waters should bring fresh offshore industrial activity to parts of Wales."

Mr. Mabon recorded the fact that Welsh industry had already won offshore business worth about £11m. a year, about two-thirds of it on the U.K. Continental Shelf.

The Government wanted to develop an internationally competitive offshore supplies industry. It also wanted to exploit British oil economically.

"Neither of these aims would be realised if we feather-bedded our industry by getting orders for them irrespective of commercial realities."

£35,000 study to benefit print industries

BATH UNIVERSITY is to conduct a £35,000 research into accelerated ink drying to help the printing and printing machinery industries.

Sponsored by the Department of Industry, it will aim for a better understanding of both hot and cold air methods of drying ink and so produce guidelines for increasing the efficiency of drier designs.

Part of the work will cover reducing noise levels in ink drying plant through more efficient use of air as well as energy consumption.



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TRANSFLEET



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Parts of the Finance Bill worry the banks, writes Michael Blanden.

Banks and privacy

THE FUSS over the extended rarely and with discretion. To powers of investigation being this, extent, bankers are pre- given to the Inland Revenue pared to take the reassurances under this year's Finance Bill— which have been given by the the "snooper's charter"—is Government at face value. attracting a good deal of. Nevertheless, they are highly private attention among the sensitive to any criticism of banks. They have not on their own security, and well this occasion chosen to come aware of public suspicion of any out with any public com- organisation which has access to ments on the subject, as they a store of private information did last year about the new about individuals' financial Capital Transfer Tax. But they affairs.

It is a common argument over what they regard as a among bankers, for example, potentially worrying erosion of that one obstacle to extending the "banking habit" is the (mistaken) belief of quite a lot of men that if they open a bank account their wives will be able to find out how much they earn. And this kind of worry has been extended with the growing use of computers in banking to include the fear that information may be easily tapped by other organisations, including the Government.

The question of computer security is a subject in itself. Three months ago the Govern- ment set up a Data Protection Committee to recommend what should take. This was headed until his death last week by Sir Kenneth Younger, who four years ago chaired a committee which looked at the question of a close interest in any develop- ments which weaken their posi- tion. They accept that the authori- ties for forcing disclosure, though extensive, are used

clearly had an important source. of information, insist that it is subject to the same secrecy rules as any other knowledge available to its employees, and that if anything the security checks applied would make it even more difficult then pre- viously to misuse the informa- tion stored there.

In fact, in the original Younger report on privacy, the Committee stated that it had received no complaints about the practices adopted by the banks from members of the pub- lic. It did find cause to criticise the methods by which refer- ences were given and drew attention to experiments carried out by Consumers' Association, and the Guardian to highlight the relative ease with which in- formation could be gained from the banks. It recommended, in particular, that the banks should make clearer to their customers the way in which the reference system operated.

This is one of the areas in which the traditions of privacy remain important. Indeed, one result of the implementation of the new Consumer Credit Act is likely to be that the banks will stop giving opinions on private customers to credit reference agencies—not that they have done it on any scale in the past—because of the stricter rules which are being imposed. But this is only one aspect of the general issue of banking privacy.

The principle of the secrecy of bank customer's business is not founded on any statute. The U.K. at present has no general law establishing the right to privacy. (As an aside it is worth noting that in the U.S. where the right is guaranteed by the fourth amendment of the Con- stitution, a recent Supreme Court decision ruled that this does not cover a bank customer's records because they belong to the bank and are not private papers.)

Nevertheless, the principle is clearly recognised in law and firmly established by past cases. A bank customer can get damages from his bank if he can prove that information about his affairs has been wrongly disclosed. One of the best-known cases (Tournier v. National Provincial and Union Bank of England) in 1924 is looked on as the guiding author- ity on the subject. The principle was clearly stated that the bank's duty is a legal rather than moral one, arising out of its contract with the cus- tomer. Breach of this contract is a claim for nominal damages or for substantial damages if injury resulted.

It was also made quite clear, however, that the obligation of secrecy is not absolute. Fear- accusations when disclosure would be justified were listed then and remain in the bankers' hand- books. These are, in the order normally listed:

1—where disclosure is of bank customer's business is

2—where there is a duty to the public to disclose.

3—where the interests of the bank require disclosure

4—where the disclosure is made with the express or implied consent of the customer.

The middle two of these ex- ceptions are relatively simple. Under number (3), where the interests of the bank are in- volved, the need to disclose could arise for example where the bank was suing the customer to repay an overdraft. The ques- tion of duty to the public under number (2) arises relatively rarely, though the textbooks suggest, for example, that it could come up in times of national emergency—during the last war it was incumbent on a banker to make suitable dis- closure if he was satisfied that a customer was dealing in a manner contrary to the war effort.

The consent of the customer is a more difficult issue. It arose, for example, in the Guardian investigation reported in the Younger which found that it was relatively easy to discover information about a bank cus- tomer's account and income by simply making a telephone enquiry. On the whole, the banks say, they discourage answering telephone enquiries. But they argue that it would cause considerable irritation in well-established customers, if they refused to answer all tele- phone requests for information when they are satisfied that they are genuine.

The question of bank refer- ences is one of the more sensi- tive areas. Quite clearly, a situation has not been reached in the U.K. parallel to that exist- ing in North America, where an individual's credit record is almost an essential part of his curriculum vitae. By those stan- dards, the references given by the U.K. clearing banks tell very little. They do not actually give facts, but only opinions, and those opinions are couched in a time-hallowed formula which can usually be accurately inter- preted only by another banker.

In general, the banks argue, it is in the customer's interest that these references should be given—where it will help the customer to obtain credit or buy a house, for example—and that in this type of situation it should not be necessary to seek specific authorisation.

The disclosure of detailed in- formation about a customer's affairs when required by the law is another and more funda- mental issue, on which the latest Finance Bill takes a substantial further step. The various powers have been built up over a long period. Where the police are concerned, the situation is fairly simple: under the Bankers' Books Evidence Act of 1879 a court order is needed to gain access to information, and in general a pretty good case has to be put up.

In relation to the tax authori- ties, the basic statute is the Taxes Management Act of 1970. This includes the only situation where disclosure is routine

for opening up their

under which banks are

to tell the inspector of

about interest paid before

to customers if the amount

exceeds £25 (recently raised

from the original £15 limit).

Other aspects covered

include the ability of the In-

Revenue on written notice

to obtain details of stock

held in the name of the bank

its nominees and held on

behalf of customers. Similar

provisions relate to disclosure

of the value of assets held

for the purpose of assessing

capital gains tax. These ex-

ceptions are relatively simple.

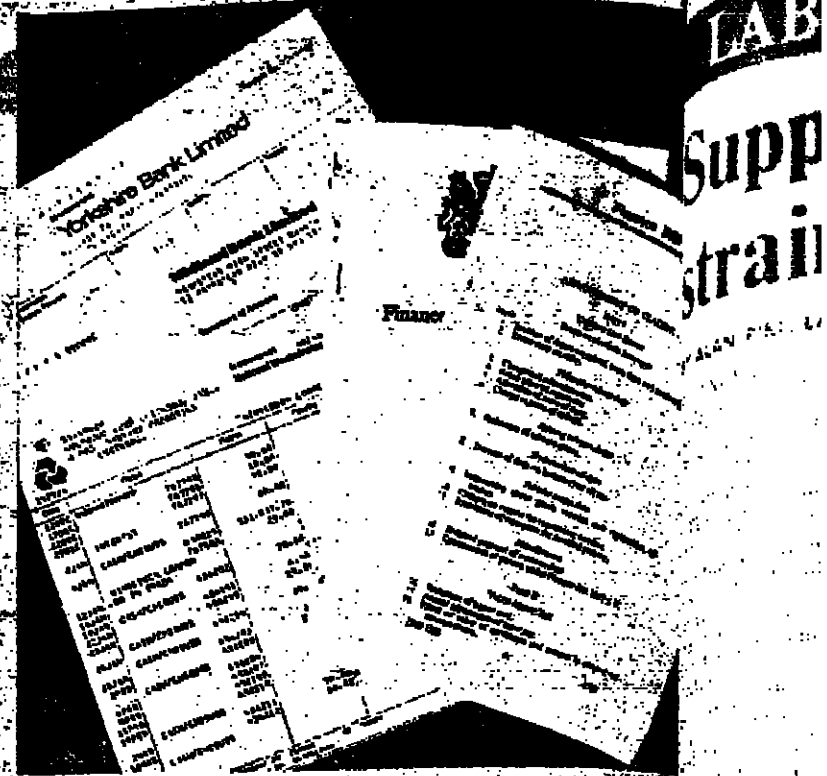
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LABOUR NEWS

Support for wage policy strains AUEW unity

By Alan Pike, Labour Staff

THE ANGER of the three northern sections of the Amalgamated Union of Engineering Workers at being forced by a decision of the engineering section to support the new Government pay proposals broke out in the open yesterday.

Since the AUEW national conference opened on Monday, executive members have made hind the scenes attempts to solve the differences between sections.

Last week, the engineering section's national committee decided to support the new pay proposals and its 62 members were, according to Mr. Hugh Scanlon, AUEW president, mandated to vote for this line when the differences between sections were discussed.

Since the smaller technical and supervisory, foundry and construction sections have only 17 of the 69 conference seats between them, an engineering section mandate deprives them of any chance of influencing the decision.

The depth of bitterness over the issue, which seems likely to increase the chances of the construction section withdrawing from the amalgamation, became clear after Mr. Len Brindley, an engineering section delegate, questioned the basis of precedent whether national committee members were mandated to vote as a block at the conference.

Mr. John Baldwin, general secretary of the construction section, said that if he remained silent any longer he would be "thoroughly dishonest". Challenging the validity of the engineering section vote, he told Mr. Scanlon: "Nothing gives you the right to mandate your section."

Last week's decision by the engineering section, and another in December when it decided to support the new pay policy against a resolution of the full conference, had been wrong according to Mr. Baldwin's interpretation of the rules which he said gave national conference votes superiority over sectional decisions.

Mr. Baldwin said afterwards that he believed the engineering section's action could be challenged legally although some of his colleagues might not believe this was the best course to adopt.

Mr. Scanlon declared in a presidential ruling that on resolutions involving wage restraint national committee members were bound by their decision last week.

It is possible that the ruling will be challenged, formally today, but even on a free vote, it is likely that there would be a majority of the 69 delegates in support of the Government-TUC proposals.

Mr. Scanlon told the conference that, when the details of amalgamation were being agreed several years ago, it had been clearly understood that it would be the "kiss of death" for the amalgamated conference if engineering section members arrived mandated as they have done this year.

Pay limit accepted on behalf of 3m.

By Christian Tyler, Labour Staff

NEARLY three-quarters of a million more trade union votes were pledged yesterday in support of the £250-£4 pay limit to be debated at the special TUC Congress in London on June 18.

Leaders of the 414,000-member Electrical and Plumbing Trades Union decided by an overwhelming majority at their national executive to support the guidelines, although making reservations about the failure to resolve anomalies caused by the present £6 limit.

Delegates of the 195,000-strong Union of Post Office Workers, meeting in Bournemouth, decisively defeated a resolution rejecting the pay limit after Mr. Tom Jackson, UPW general secretary, said that if inflation continued Britain could end up with rationing of some commodities.

In Scotland, the conference of the 130,000-member Boilermakers' Amalgamation voted in favour of the guidelines.

Protests

Yesterday's decisions bring the number of TUC votes committed to the pay policy to over 31m, out of a total of about 10.5m.

But conference debates and ballots still to be held by other unions—including the National Union of Mineworkers—are likely to bring the final figure to well over 7m. by next month's Congress.

As the pithead hall of Britain's 250,000 miners got under way yesterday, there were protests from NUM leaders in Nottinghamshire about advertisements in local newspapers, apparently placed by Yorkshire miners' leaders, urging the 34,000 Nottinghamshire miners to vote against the pay limit.

Militants in the Yorkshire, Scottish and South Wales coalfields have been campaigning hard against the decision to support the guidelines, but the ballot is expected to go narrowly in the executive's favour.

Derbyshire miners are divided on the issue. In the North Derbyshire coalfield miners' leaders have voted 14-1 against the national executive committee's recommendation, but the South Derbyshire branch of the NUM is recommending its members to accept.

Telegraph journalists' dispute is settled

By Ian Hargreaves

AGREEMENT has been reached between journalists and management at the Daily Telegraph over working conditions at the newspaper's Manchester office.

A dispute over a rota to be operated in Manchester during a year-round round of the newspaper's Northern staff led to the suspension of 46 Manchester journalists and a strike by their union colleagues earlier this month.

Under the terms of the settlement, which was reached with the help of the Advisory, Conciliation and Arbitration Service, the Daily Telegraph and the national Union of Journalists have agreed not to disclose details of the new conditions.

But the journalists are believed to have won their case for improved payments where they are called upon to do extra duties because of reduced staffing levels.

In return, the Telegraph has agreed an agreement on a reduced reduction of manpower at the Manchester office.

our demands

The NUJ has made official a strike at St. James Press, a subsidiary of Macmillan. The union claims that the company sacked 10 of its members during discussions about redundancy.

Four demands have been put to the company: immediate recognition of the NUJ at St. James; reinstatement for sacked members; negotiation of terms for free staff and a six-month guarantee of job security.

Mr. George Walsh, the company's manager, said that the 10 had been dismissed because of a project on which they were working, a reference book on the history of the company, had been abandoned.

Dock Bill committee stage ends

By Our Labour Staff

THE GOVERNMENT'S controversial Dock Work Regulation Bill yesterday came to the end of its long committee stage in Parliament during which the Government tabled several amendments designed to placate those fearful that their members' jobs would be taken by dockers.

The report and third reading of the Bill is expected soon after the Whit Sunday recess, when Conservative will renew their attacks on a sledgehammer to a nut.

Under the Bill, work within miles of the waterfront will be liable to classification as "dockwork", but as outlying unions representing dockers have led to amendments during the Bill to exclude those agreements dating before 1967.

Ban immigrants call rejected

By Our Labour Staff

A RANK-and-file demand that the Government be pressed through the Labour Party Conference and the TUC to halt further immigration was defeated by leaders of the national Union of Dyers, Textile Workers and their union's conference at a meeting yesterday.

A motion urging an immigration ban on the grounds that it would ease the housing and unemployment situation was condemned as "racist" by the union's executive, and was lost by a vote of 75-45 after an emotional debate.

This 55,000-strong union covers the wool textile industry, which employs 120,000, about 3,000 of whom are immigrants, mostly from India and Pakistan.

It was a coincidence that

Staffing freeze hits expansion of job training programme

By David Churchill, Labour Staff

THE FREEZE on Civil Service staffing is preventing the Manpower Services Commission from substantially increasing its training programmes in response to the high level of unemployment.

In addition, officials of the innovative job creation scheme, introduced last autumn to provide temporary jobs mainly for young people, have launched a "desperate" appeal for new sponsored projects.

The MSC's problems come at a time when the TUC and Labour Party are seeking a "massive expansion of retraining and a commitment to increase in the capacity and resources of the MSC" as part of the new social contract.

Expansion of job creation and training must be on a level with that of Sweden, the TUC-Labour Party liaison committee says in its proposals for the new social contract.

Cabinet

In Sweden, about two to three per cent of the working population is involved in training which, if applied to Britain, would mean 1m. people would be trained at any one time.

But the Government's training plans for the 1980s envisage only

about 100,000 people in training schemes.

As a department of the Civil Service, the MSC is unable to increase its staff levels in the immediate future until the Cabinet decides on how the planned £140m. cuts in the Civil Service should be made.

Because of the time-lag involved in increasing its training programmes the effect of the staff freeze will mean a delay in introducing new schemes even when the ban is lifted.

If plans to allocate more funds to the MSC are approved under the new social contract, it would still be at least 18 months before many of the schemes would be available. New schemes have to be discussed with local education authorities, industry and trade unions, apart from providing equipment for the new training facilities.

The job creation programme's difficulties stem from a lack of industrial sponsors—only about 1 per cent so far—as well as from the poor quality of proposed projects.

'Prejudgment' protest at tribunal hearing

By Our Labour Staff

THE CHAIRMAN of an industrial tribunal in Manchester was accused by a barrister yesterday of "prejudging" an important issue in the case.

The clash came on the second day of an appeal by four engineering workers against expulsion from their union.

Mr. Stephen Sedley, counsel for the Amalgamated Union of Engineering Workers, claimed that the proceedings had been "vitiated" by a statement by Mr. Henry Gore. He said that he would continue "only under protest".

The case arises from a dispute at the Eaton Transmission Company, of Walkden, Lancs. The four men were expelled from the AUEW after disobeying a strike call in support of nine colleagues

sacked in a previous dispute.

Mr. Gore's disputed statement came during cross-examination of one of the four men by Mr. Sedley.

The chairman said that he felt that the presence of two fellow workers from the same factory on the district committee of the union which investigated complaints against the four was "undesirable".

Mr. Sedley said that the chairman had prejudged the union's case in that he had come to a conclusion on an important issue before all the evidence had been heard.

Mr. Gore replied that he had leaned over backwards to be fair and had "prejudged nothing".

The hearing was adjourned.

Barred men to appeal

TWO MEN barred from holding office in the Yorkshire area of the National Union of Mineworkers said yesterday that they would appeal to their national executive committee to reverse the ruling. Both men are also seeking legal advice on whether the ban is in contempt of court.

Mr. Bill O'Brien, NUM secretary at Glass Houghton colliery, Castleford, and Mr. Thomas Ross, who was due to stand for election for union position at Manvers Main colliery, Mexborough, were suspended for two years.

The Yorkshire miners' area council ruled that they had acted against the interests of the union over a recent libel trial in which clock working has been introduced at the factory.

Formica plant recruits 70

FORMICA is taking on 70 extra workers at its North Shields factory to meet the growing order book at home and abroad.

The company said yesterday that a £1m. investment in plant for industrial laminate production for the electronics and electrical industries comes on stream next month. Round-the-clock working has been introduced at the factory.

dent, Mr. Alec Kennedy, who accused anti-immigration supporters of doing the work of the National Front and of risking being linked with the policy of "that arch racist, Enoch Powell."

One delegate claimed that immigrants were "pouring" into Britain, illegally and legally, while the Government had to borrow heavily to avoid a disastrous drop in living standards.

But this brought a contemptuous rebuff from Mr. Bill Madrox, the union's West of England organiser: "Our economic problems have not been caused by an influx of immigrants. They have been caused by a crisis of capitalism, and to use any other excuse is sweeping it under the carpet."

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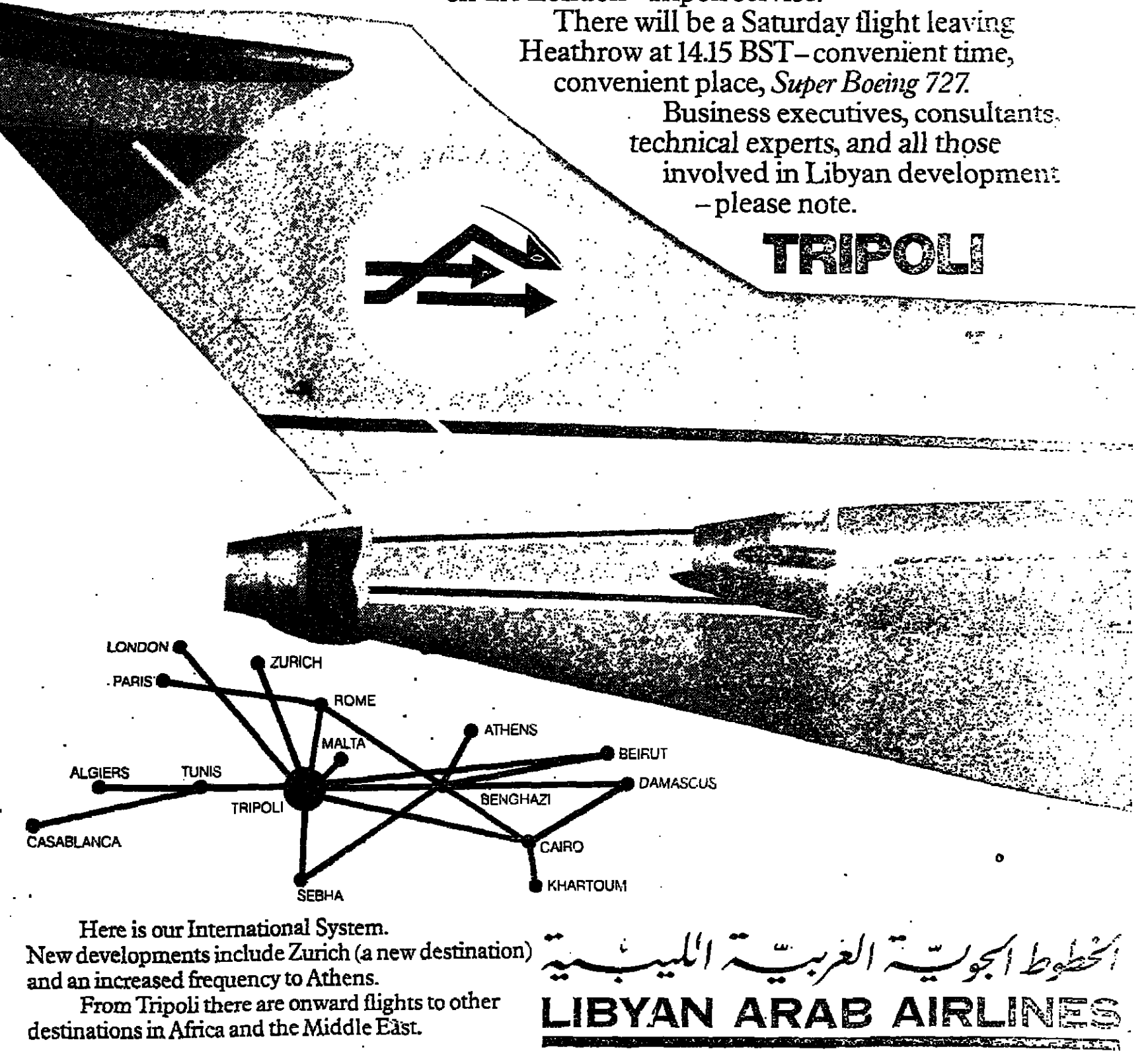
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FINANCIAL TIMES SURVEY

Wednesday, May 26 1978

GOVERNMENT-SPONSORED FACTORIES

The building programme of Government-sponsored factories is going ahead at its fastest rate ever, enhancing its international reputation. It is a tool of regional policy, aimed at creating employment, with a strong emphasis on flexibility.

Agreed
policy
reaps
success

by Roy Hodson

SMALL celebration somewhere in the north of England this year will mark the success of one policy which successive Governments have all agreed to pursue and develop. The foundation stone will be laid of the one thousandth factory to be built by Government in England to encourage industry to settle and expand in areas where new job opportunities are needed. No one can say with certainty where the one thousandth Government-sponsored factory will be. They are being planned and constructed at a faster rate than ever before and it will be a matter of luck and timing as to which part of the country will be the site. However, when the event does take place it is likely that glasses will be raised in the Department of Industry which administers the Government's factory building policy, in the English Industrial Estates Corporation, a small organisation of professionals which executes the programme,

and in the newly-formed Scottish and Welsh development agencies which have taken over responsibility for Government factory building in their areas. The one thousandth factory will happily coincide with the 40th anniversary of the policy of using Government money in this way to encourage industrial development. It is a policy which Britain pioneered and which is now constantly used as a model by other nations.

During this 40 years of continuous activity, a highly professional body of expertise has been built up. That appears to be the main reason why successive British programmes for building advance factories to secure regional development objectives meet with success while, in other European nations, similar programmes have been known to provide disappointing results, and occasionally to stall altogether. In France, for instance, the authorities have still not perfected standardised Government factories to their satisfaction. The regional development authority Datar commented on the standardised factories concept in one report: "This is a product meeting a need at municipal and regional levels where the authorities are anxious to promote the creation of new jobs. The ideal solution has not been found as yet, however, due to the lack of new technical or financial solutions."

Mr. Horace Heyman, the chairman of the English Industrial Estates Corporation, believes there is no reason why other

countries should not run Government factory building programmes as successfully as Britain, as long as they observe a few ground rules. In particular, in his view, there must be continuity and stability so that industrialist tenants need not fear for their security as the political winds shift. And the organisation responsible for developing and managing Government factories and industrial estates must always be close to the needs of industry. "We have always been able to strike the widest common denominator in the size, style, and locations of the factories we build," says Mr. Heyman, "within the limits of our obligation to build our factories to help those parts of Britain where there are people unemployed."

At the present time the Government-built factories in England, Scotland and Wales, provide employment for some 300,000 workers, mostly males. Almost without exception the occupied factories are to be found in parts of the country where unemployment is still higher than the national average. The total contribution of the development agency has 24.5m. square feet. The Welsh development agency has 20m. square feet. The total replacement value of all the Government factories is now estimated to be not less than some £800m, although their written-down value in the government's accounts is put at approximately £150m.

Following moves by the Chancellor of the Exchequer, Mr. Healey towards the end of



The Team Valley Estate at Gateshead: where it all began 40 years ago.

last year to stimulate industrial investment, the three agencies are now handling the biggest Government programme for adding to that factory stock which the country has seen. The Welsh English Industrial Estates Corporation has 27 advance factories under construction totalling nearly 400,000 square feet and costing nearly £4m. The term advance factory is commonly used to describe a factory built by the Government in advance of securing a tenant, industrial companies and to the corporation also has plans build extensions for existing tenants in the pipeline for another 110 advance factories which will provide 1.3m. square feet of new

factory space at a cost of £13m. The Scottish agency has 10 advance factories (138,000 square feet) under construction and 29 (510,000 square feet) in the planning stage. The Welsh English Industrial Estates Corporation has 27 advance factories (417,000 square feet) under construction and 32 (418,000 square feet) in the planning stage. All three agencies also have a big building programme to provide new factories for specific tenants, industrial companies and to the corporation also has plans build extensions for existing tenants in the pipeline for another 110 advance factories which will provide 1.3m. square feet of new

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extensions in the current programme represent upwards of 2m. square feet of new factory space to be provided within the next eighteen months.

A typical advance factory will be of about 15,000 square feet floor space with a brick frontage and office and toilet accommodation. The body of the factory will often be constructed in plastic-coated steel or aluminium with a structural steel framework. The interior height will be limited to about 16 feet, as the designers are catering for manufacturing industry not warehousing. The annual rental for such a factory is between £12,000 and £14,000 a year. Not surprisingly the building agencies' valuation departments have very little argument with incoming tenants about rents. Although the factories are planned as basic units to give a manufacturer a roof over his head, they are remarkably complete in essentials. The agencies like to think that when a manufacturer moves in he has only to arrange to have the electricity switched on before setting up his equipment.

An important feature of the advance factory system, long recognised in the U.K., is that factories should be ready and waiting to take advantage of any phase of industrial expansion which will send manufacturers searching for new accommodation. Therefore it is regarded as proof that the scheme is running well as there are more advance factories ready for occupants in the U.K. than ever before. There are more than 50 empty at this time, providing

a series of interesting opportunities throughout the assisted areas of Britain for firms which wish to start up new production. In addition to advance factories on offer there are about eight Government-built factories which have been previously occupied and for which the agencies are now seeking new tenants. The largest is of 30,000 square feet, however, and the three agencies do not have a really sizeable factory available on their books.

Many firms, that are now respected names in British industry owe their successful early days to the flexibility offered by the Government factory system in providing accommodation to suit their continually changing demands. The ability of a tenant on one of the Government industrial estates, such as Team Valley, Gateshead, to call up new accommodation and to hop quickly and easily from factory to factory is undoubtedly an attraction to growth-minded industrialists. Companies based in the Government factories often say that they like the responsibility for managing and maintaining the premises they occupy to be carried by someone else. They are the companies which usually take the view that their particular expertise is in their area of manufacturing and that owning bricks and mortar is another business entirely. That view was unpopular during the early property boom of the 1970s but has been regaining currency since.

The English Industrial Estates Corporation can take you every step of the way from choice of site to early occupation.

Who are we?

The Supervisory and Management Boards of a Government agency, appointed by the Department of Industry to develop and administer industrial estates in the Assisted Areas of England.



Supervisory Board: H W Heyman BSc, C Eng, FIEE (Chairman); J. Harle; J S Heaton JP, FCA; K J Alford FRICS; J F Eccles JP; Chief Executive: W H Bevan FCIS

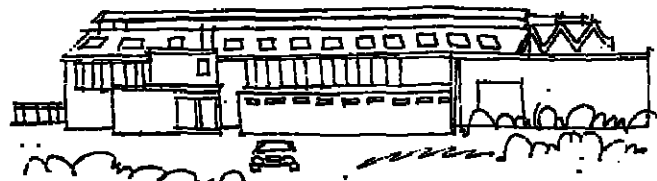
What do we do?

We build factories and extensions for specific clients, to lease or purchase. We build Advance Factories and Terrace Units. We build both on industrial sites and on smaller sites. We give advice and help in

relation to Government grants, loans, 2-year free rent concessions and other financial benefits. We can prime you with information on matters relating to finance, training, communications, labour potential, housing, and schools.

What is an Advance Factory?

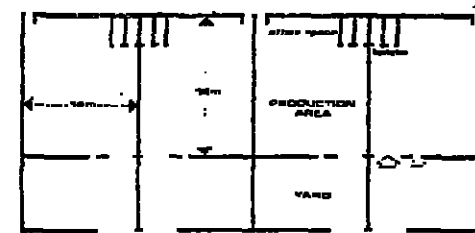
It is a building erected without a tenant, which is suitable for a wide variety of industries. Some 30 factory units are currently being built. Over 100 others are in varying stages of planning and should be completed early in 1977. They range from 450 m² to 2250 m². Advance Factories are designed with future expansion in view.



Some 30 units are currently being built.

What are Terrace Units?

Also known as Nursery or Incubator Units, these usually have an area of about 250 m². and are built in multiples of four or more. They are ideal for those starting up in business with limited resources. These units are sited where additional land is available, so that when expansion results in the need for a larger factory, it can be built where the trained labour force can be retained.



Ideal for those with limited resources.

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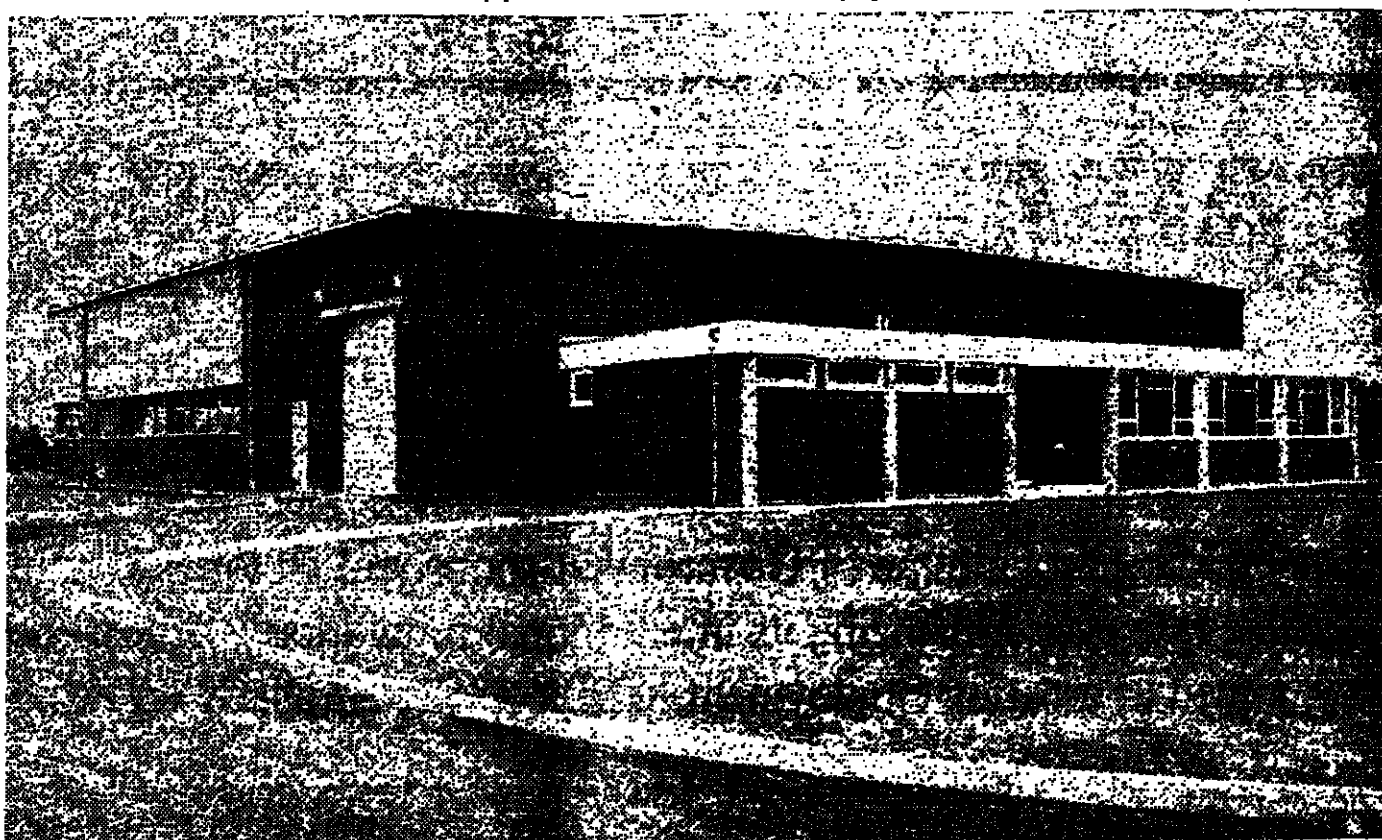
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GOVERNMENT-SPONSORED FACTORIES II



Waiting for the boom: a standard advance factory of 900 square metres at Barnsley ready for an occupant.

Standard pattern is future trend

THE BIGGEST factories built by the English Industrial Estates Corporation under the Government factories scheme were two tailor-made plants each of 500,000 square feet for Mullard on Merseyside and for Dunlop on the Team Valley estate at Gateshead. They are the sort of set-piece industrial developments that the three agencies now running the Government programme in England, Scotland, and Wales, are not likely to repeat in the future unless social circumstances prevail. In future the emphasis is more likely to be upon small factories which can act as mid-wives for bringing new industrial activity into the world.

The agencies are changing the pattern and style of their activities to meet the future needs of industry. And in that fast-moving game the past provides little in the way of accurate guidance.

Four years ago more than half the programme was concerned with building extensions to existing factories for industries which were doing well and needed to expand. Only 30 per cent. of the total programme was concerned with providing advance factories. And one factory in ten being built then was a bespoke development specifically designed to meet the needs of a company.

To-day the position is reversed. About three-quarters of all the Government factories being built are to standard pattern and are being set down in areas of high unemployment in the hope of attracting tenants and creating work. There are very few bespoke factories required by industry. Extensions to existing factories amount to only some 20 per cent. of the building programme.

In part, the change in emphasis is due to the impact of the economic recession. Attracting industry to many areas of the U.K. has become an uncertain business. Advance factories have thus become the ground bait with which to "help alleviate high unemployment in many parts of the north, Wales, and the West Country. But another important factor which will affect the future of the Government factory programme is the development of new ideas about the best way to help the regions.

In the past industrial development has been encouraged on convenient sites to replace old and run-down traditional industries. At the same time the extensive British new towns English Industrial Estates Corporation has recently made sig-

nificant gestures towards the needs of the run-down urban areas.

On Merseyside town sites, so-called "nursery factories" are being built of 2,500 square feet each in terraces of half-a-dozen. They are on slum clearance sites. The intention is that they should be suitable premises for local entrepreneurs anxious to build up businesses. Leeds also is to have some small units. Their effectiveness compared with the traditional advance factory in the suburbs or a nearby town will be closely monitored.

As a spring-board for the lively business wishing to develop in the U.K. and Europe, the Government factory programme has never been more strategically important than it is at the present time.

Mr. Ernest Nathan of New York was incensed when he saw the recent CBS News television documentary called the Second Battle of Britain in which a gloomy view of the economy was taken together with criticism of the British Government's efforts to pull out of the slump. Mr. Nathan had within the last year, at the age of 40, taken a decision to manufacture in the U.K. for the European market and he had set up in a Government-built factory on Tyneside.

Within the year his company, Elmwood Sensors, which makes precision thermostats, has built up a £1m-a-year turnover throughout Europe from the Tyneside factory, employing a labour force of nearly 200 people.

As his experience of industrial growth in a British Government factory has exceeded all his expectations, he wrote to CBS asking for screen time to reply—which was refused. Nevertheless, he is still protesting loudly in New York that the CBS programme bore no relation to his own experiences as an American manufacturer making use of British Government help to establish a plant in the U.K.

Now that the administration of the Government programme for factory building has been divided among separate Welsh and Scottish authorities in addition to the English Industrial Estates Corporation, more changes in emphasis can be expected to meet regional needs and political pressures. But the particular expertise in building good factories cheaply at the right moment, which has characterised the Government programme so far, appears likely to be maintained intact.

Modified

The idea now looks like being revived in modified form by the Government in order to help keep and encourage industry within the industrial towns and cities of the north of England, Wales and Scotland. However the three Government factory agencies are restricted at the moment by the legislation under which they work. Until the Government acts to give them a new mandate, by seeking the approval of Parliament for some changes in the law the agencies

- (1) Cannot re-house displaced industry: they are only permitted to provide factories for genuinely new jobs.
- (2) Cannot accommodate non-manufacturing activities such as warehousing, and
- (3) Cannot provide for the grey area between manufacturing and clearly non-manufacturing which now goes under the heading of "service industries," and which represents one of the fastest growth sectors of the economy.

While keeping within the strict parameters laid down for Government factories—that they only provide new manufacturing jobs in assisted areas—the extensive British new towns English Industrial Estates Corporation has recently made sig-

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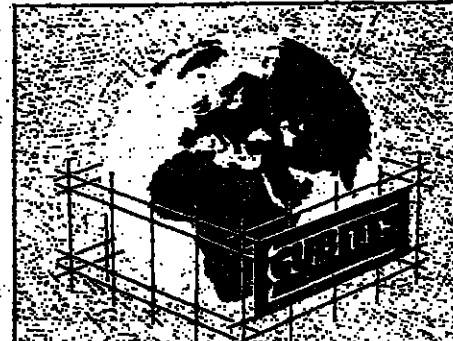
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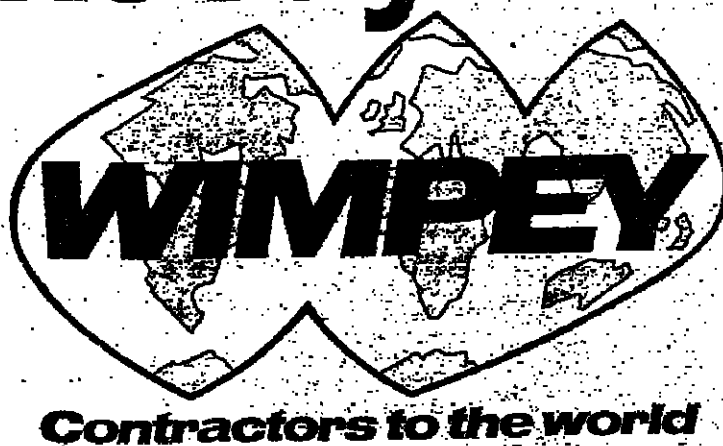
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GOVERNMENT-SPONSORED FACTORIES III

Problems for planners

AND THE apparent calm of the established industrial areas lies the complex mesh of drains, utility providers and other services which incoming tenants of a government-sponsored factory one to expert and demand. The 40 years since the set-up of industrial planning moved from the primitive to the highly sophisticated. In early days, when the attention was to bring the unemployed of the regions, have passed, the planners of the Industrial Estates Corporation, together with their Scottish colleagues, the competition of the new and post-war speculative development.

For decades of experience armed the Corporations with considerable expertise in as well as large-scale, to meet their tenants' needs. They have also made own pioneering contributions to estate planning, to oversee the build-drawers, construction gangs move in, are two factors which line to make such industrial development different from all others. The first factor is social, the second financial.

Added to loans, removal grants, training grants, and the other incentives Government provides for those setting up in employment in the North, what it prefers to call the Areas up acute unemployment for Expansion, can be added

Financial

The financial element which influences planning is concerned both with the grants offered by Government to industrialists in the development of areas where they have factories, and special concessions to those who rent or buy Government factories. As the country's largest industrial landlord, the English Industrial Estates Corporation has become expert in making the fullest use of such incentives.

Added to loans, removal grants, training grants, and the other incentives Government provides for those setting up in employment in the North, what it prefers to call the Areas up acute unemployment for Expansion, can be added

extra inducements related particularly to the Government factories.

Rents, set over a 21-year period, and reviewable after seven and 14 years, are not subsidised. They are, however, based on a district valuation which inevitably makes them good value compared with non-development areas. If extra jobs are provided by the enterprise, the first two years occupation may be rent-free.

Those who wish to buy their own factories may do so on a 99-year lease, with the additional incentive that the total cost can be amortised at current interest rate up to 15 years. The ground rent payable to the Corporation is again based on local valuation and subject to revision. Grants on factory cost, ranging between 20 and 22 per cent, may be claimed from the central Government, depending on the development area status of the district where the factory is situated.

These social and financial considerations, which are advantageous to the local well, and experience gained expanding industrialist or the firm prepared to relocate its operations, have over the years affected local and strategic planning.

Working hand in glove with the Department of Industry and the Department of the Environment, the Corporation notes the areas of need and what parcels of land are available for industrial development. It is at this point that the Corporation's small army of planners come into their own.

The techniques first developed at Team Valley in the North-East have been refined and sophisticated to take account of modern needs and changes. With the estates planned on a grid, sufficient land must be left being built. Even before the first man or woman clocks on at the new factory, considerable work has been provided through the local construction industry. To-day, there are many Corporation sites available, with considerable land earmarked for expansion. One area where space has become more scarce, is through the provision of car parks. When Team Valley started, few of the workers possessed cars. Now most of them do, and due allowance must be made for workers' cars on new estates.

Some of the buildings may be dated, but the layout principles—with their close attention to services—have stayed mainly the same.

The other principle, that the prime purpose is to provide local employment, has an inevitable spin-off as factory and estates construction continues. For it is Corporation policy to use the services of local professional and construction staff, while retaining control over the eventual design of the units.

Even before the first man or woman clocks on at the new factory, considerable work has been provided through the local construction industry. To-day, there are many Corporation sites available, with considerable land earmarked for expansion. One area where space has become more scarce, is through the provision of car parks. When Team Valley started, few of the workers possessed cars. Now most of them do, and due allowance must be made for workers' cars on new estates.

Industrial estate planning may look simple, but for success both meticulous care and imaginative foresight must be used in like amounts.

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Factories in advance

ADVANCE FACTORIES" is the motto of some stakhanovite. It is the well-established principle of designing building general-purpose factories in anticipation of demand. Started before World War II, the advance factory programme has had a considerable impact on industrial architecture and helped change the shape of the new industrial nation.

One might expect that the modular approach to the advance factory programme leads to a limitation in the final size of the plant. However, the larger types of advance factory start with a working area of some 4,500 square metres, against the unit area for the terrace units of 255 square metres.

At least four variations of advance factories are available on Corporation sites, using the full design power the Corporation can draw upon, and suitable for industries ranging from clothing, through engineering, to electronics. They are similar in design and concept to those non-custom built factories now under construction in the new towns, and the Corporation pays a similar regard to landscaping.

Gateshead, where it all started, cannot be said to be the Venice of the North. Yet, from the forward-thinking architecture and landscaping which started there has come a tradition of aesthetically pleasing industrial architecture which has proved satisfactory to many tenants.

Within the factories, the emphasis is on the fullest headroom with the minimum of obstruction in the way of pillars. To give as much work space as possible. Entrances and exits are also built in to ensure that there are no difficulties of access. The attention to the working environment in the modern factories also reflects the humane roots from which the current Government-sponsored factory programme has sprung.

At some stage, though, the tenant or purchaser must come into discussion to establish what detailed variations they may need in a standard design. Here, again, is the strength of the Corporation. Architects, surveyors, engineers and designers constitute their design team.

For the industrialist, his team will comprise production and other experts. Together, the remaining problems can be sorted out and, as important to the success of the Corporation, what has been learnt from such meetings can be incorporated into their future design programmes.

The design of advance factories does not, of course, remain static. New materials and techniques are used as they become available, but standardisation at any one time allows for the units to be erected as cheaply as is commensurate to conform with the building and factory regulations.

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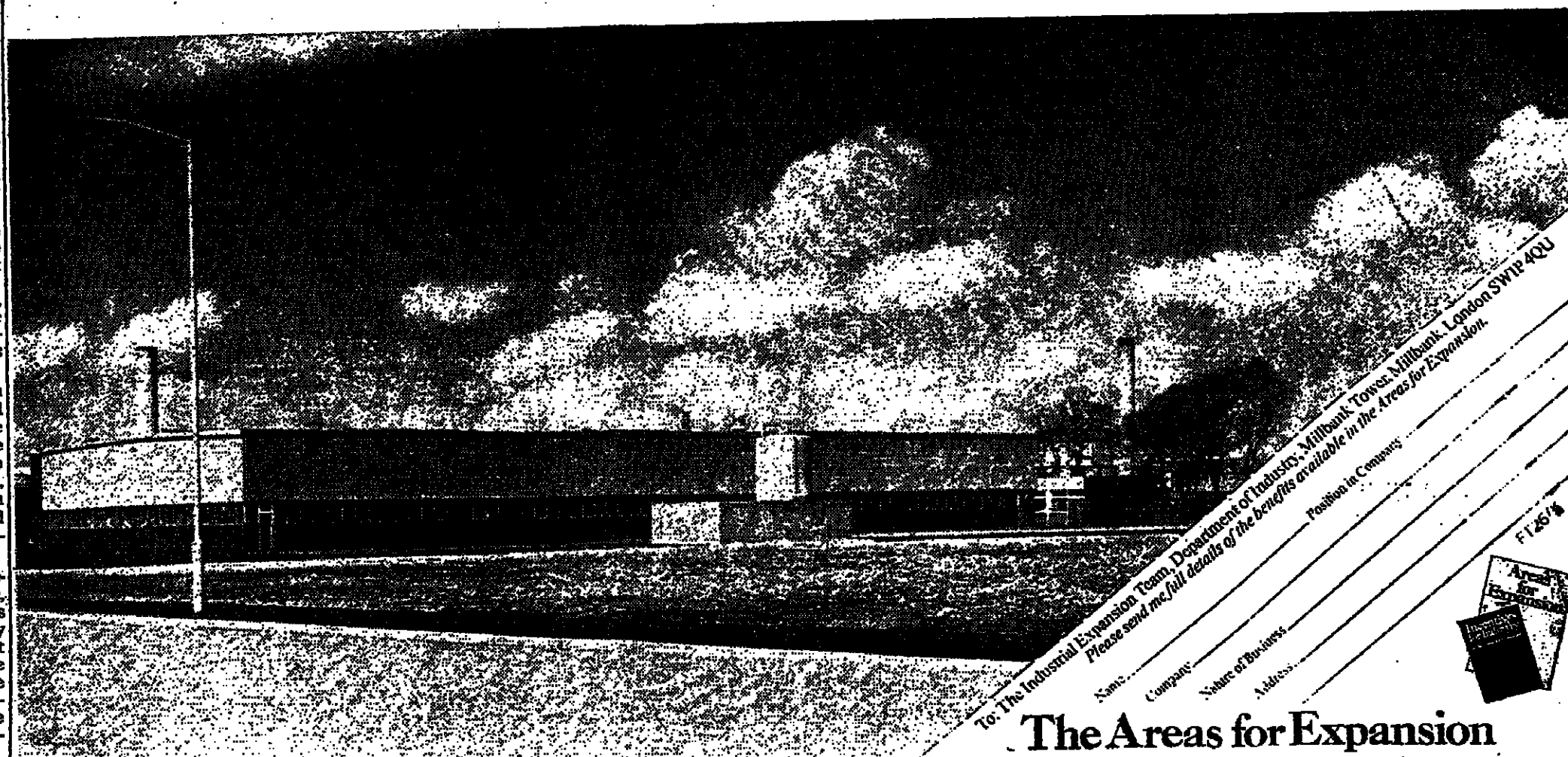
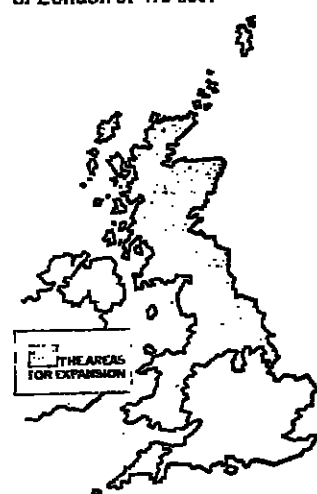
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The Areas for Expansion

GOVERNMENT-SPONSORED FACTORIES IV

Aim is to attract new industries

THE MAP room at the English amples—to see whether they can Industrial Estates Corporation's be managed on the Government's vision of new factories and jobs. headquarters shows at a glance, behind, refurbished and made plans of these two major operations already in being. The Government's policy, sufficiently attractive to provide of building factories for manu- accommodation for new indus- facturing industry, to combat ries. The accumulation of ageing locally high unemployment is industrial premises is becoming spreading to a surprisingly, an acute problem in many of the large number of locations, regions which have strong in- through England, Scotland and, industrial traditions. This may be Wales. A policy which, when it one way towards solving the began in the 1930s was to help, problem and making a contribu- the intractable areas of heavy, tion towards clearing up the industry and high unemploy- mess of industrial dereliction. ment (principally south Wales, The third task is to help the small pockets of local unemploy- Scotland, and the Tyne-Wear area) has now been fine-tuned ment that exist, by judiciously to the point that it can inject placed advance factories, and to one or more advance factories extend that approach by co-oper- at short notice to solve a local ating with the Development Commission, responsible for problem.

There is now, for instance, a helping rural areas. All of this is rather a long chain of Government factories way from the earlier and simpler through north Devon and approach of the Government Cornwall, areas which used to be well outside the scope of the Government factory builders, providing neat estates of fac- This month it was announced the tories and to build bespoke fac- Corporation is to build five tories for companies on the same advance factories in rural north same estates. Working in city centres, and attempting to solve opportunities and to help pre- the intractable problems asso- vent the migration of young ciated with making suitably people to the cities. The future modern industrial premises out programmes of the three Government factory-building areas where the danger of de- agencies all include plans for siting industry in areas where population is more of a reason for the Government has not given such direct help before.

Three new tasks face the agencies in the pursuance of future regional development programmes in the U.K. They will be in addition to the central job of cracking the major unemployment problem in the assisted areas by the encourage- ment of sizeable concentrations of new industry.

The first new task is being tackled in a small way. It is the provision of city centre factory units to help a number of cities to stay alive. The second is the probability that the agencies will be re- quired to look seriously at age- ing industrial premises—cotton and woollen mills are typical ex-

Regional

Among the more powerful figures administering the Government's regional policy are the regional industrial directors of the Department of Industry. They press the cases for their regions having new factories on specific locations. The English Industrial Estates Corporation and the Scottish and Welsh agencies then build the factories. In practice the building agencies often lend their professional expertise in helping the regional industrial directors prepare their cases for final decision at the Department of Industry in London. The way the factory building programme is being balanced against needs in many parts of Britain these days can be shown by the break-down of factories planned or under construction.

The Northern region has been allocated 42, the North West 35, the South West 11, Yorkshire and Humberside 30, the East Midlands 3, and the rural areas will get 16 under proposals by the Development Commission. Government factories pro- vided under the Industry Acts and previous legislation are all within the Assisted Areas and

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40 years of experience

THERE ARE 340 industrial estates in the U.K. managed by the English Industrial Estates Corporation and, since last year, by the Scottish and Welsh development agencies to provide job opportunities through Government factories. That represents the biggest industrial building programme ever seen in Britain.

It is the more remarkable because the developments are confined by statute to the officially-designated Assisted Areas of the west, Wales, and the north. Mr. Walter Bevan, chief executive and secretary of the English Industrial Estates Corporation, explained: "We build to provide jobs where they are needed and so, by definition we build very often where commercial developers of factory estates would not care to risk their money."

In spite of the necessity of stinging Government factories where unemployment is high rather than where communica- tions and access to markets are best, it is estimated that some 1,300 companies are based in the Government factories. For many years the estates have acted as seed-bed to enterprise.

Mr. Horace Heyman, chairman of the English Industrial Estates Corporation, is an industrialist who built up his own business, Smiths Electric Vehicles, on the Team Valley Estate, outside Newcastle upon Tyne. That is the biggest of the Government estates and the site of the head- quarters of the Corporation. "Having been a tenant here and having started in a very small way I would say that an indus- trial estate offers great advan- tages," he said. "While manag- ing a growing business you can move easily from factory to factory while keeping the same address and the same labour force."

The stability of the labour force on the estates and the loyalty of workers to estates—sometimes overriding their loyalty to individual employers—is an important factor in estates development. A few companies complain that, by being upon an estate, they lose labour to their neighbours. But more often than not the fact is that they lose it because of their own shortcomings in pay and conditions. The truth of the labour pattern on the

of Industry Act made the Board of Trade responsible for the proper distribution of industry and the financing of Govern- ment-backed industrial estates companies.

By 1960 the company called North Eastern Trading Estates, which had been set up to run Team Valley, was responsible for 38 industrial estates and sites that were being developed all over North East England. What had begun on Tyneside to alleviate a special situation of acute unemployment was spreading into a national move- ment. The company was ad- ministering 12.5m. square feet of factory space and its tenants were employing some 60,000 people. Four other industrial estates companies set up by the Government were by then also administering estates in Cam- berland and on Merseyside, in Wales, and in Scotland.

At that point the Government welded the whole movement into a national entity by forming the English Industrial Estates Corporation to manage the English factories and continue a building programme, with similar corporations for Scot- land and Wales. The Local Employment Act of 1960 also took regional policy a step forward, in liaison with the factory programme, by provid- ing that Industrial Development Certificates for new manufactur- ing plants should be issued with

particular regard to the needs providing employment in the development areas of Britain. In practice this meant that IDC should not be issued to a development area until the project could not reasonably be undertaken within one

Last year another import change took place in the operation of the government- factory movement—when Scottish and Welsh develop- ment agencies were created to take industrial development in two countries and re- viously with the newly- National Enterprise Board.

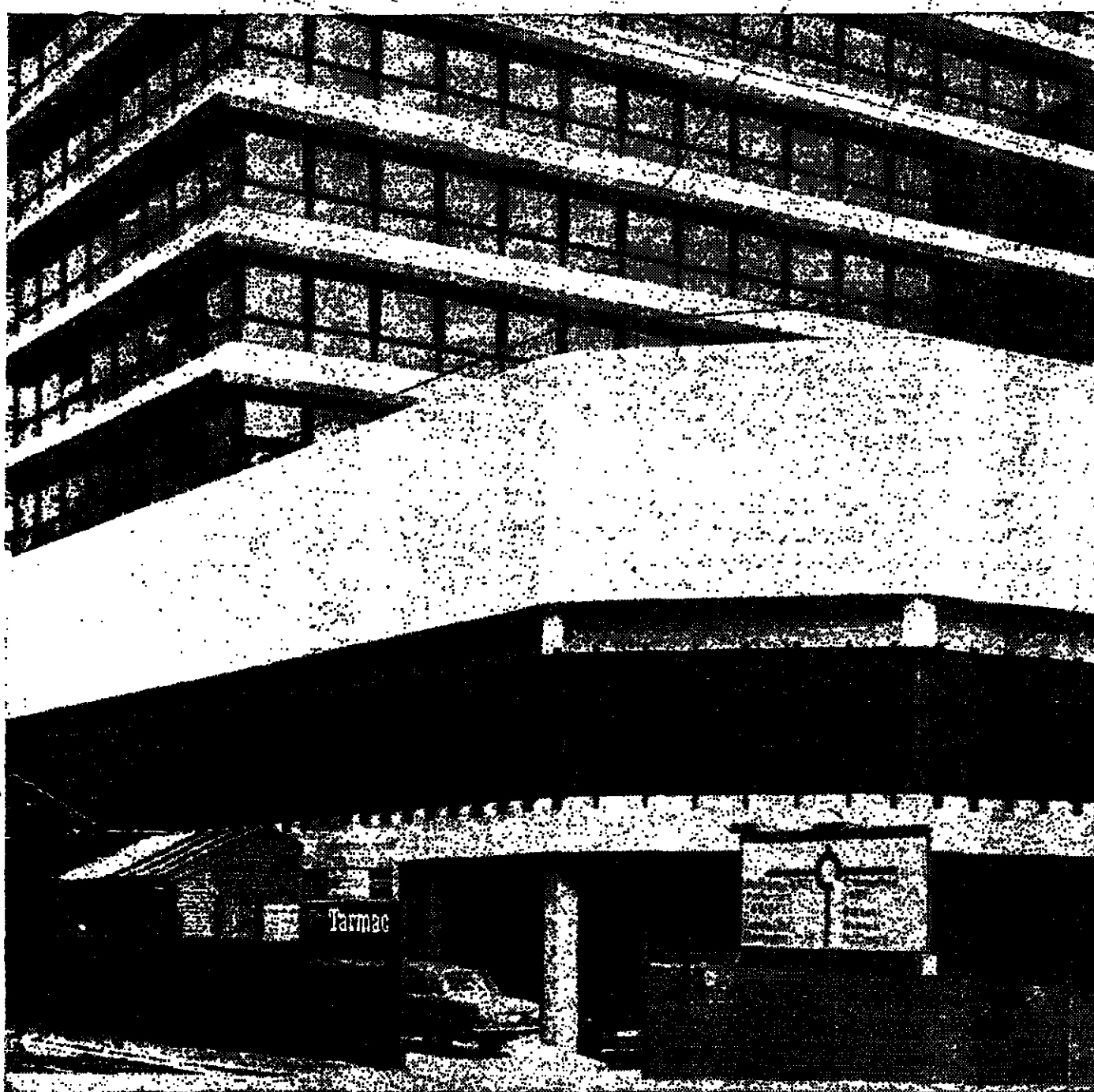
The Government took view that the two new agencies should be responsible for factory building programme in their countries so that they be dovetailed with the industrial strategies. In countries the matching job opportunities with closure-of-old industries is going to be of major concern for some years to come.

The Scottish and Welsh agencies have taken over work and staffs of the industrial estates corporations. The result may be a more petitive spirit between the agencies towards attract industry into their areas, promises to be an interesting experiment.

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The Executive's World

EDITED BY JOHN ELLIOTT

In a second article on the Littlewoods Organisation, Elinor Goodman, reports on the company's retailing turnover in mail order and chain stores which totals £470m. a year

Two distinct routes to retail growth

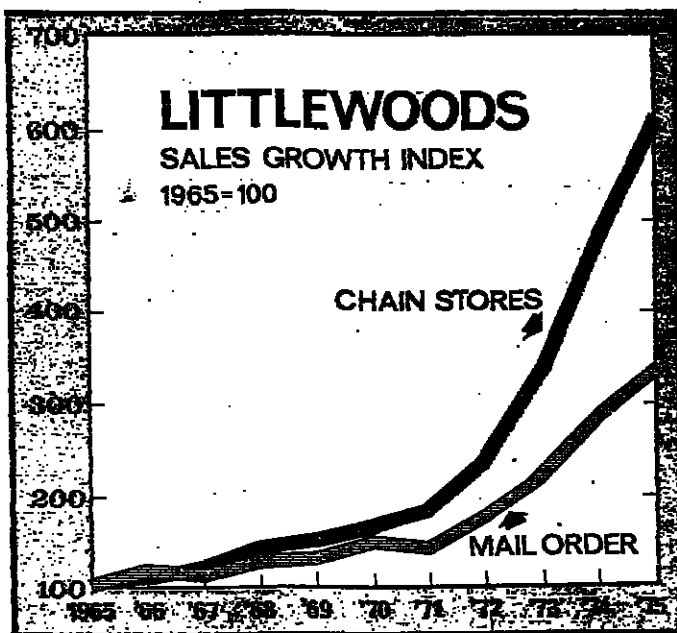
THE LITTLEWOODS Organisation is one of Britain's top ten retailers with a turnover of £470m. a year. But, unlike some of its competitors in the High Street big league, such as Woolworths and Marks and Spencer, it is split into two distinct operations — mail order and chain stores. The mail order division is the bigger of the two both in terms of profits and sales. But it is the chain stores division, with about 100 shops, which has grown faster over the last three years.

In terms of the number of shops, the Littlewoods chain store business is on a par with its nearest competitor, British Home Stores. But it is still hampered by having some small shops — six out of a total of 100 are under 7,000 square feet in area, for example. The average Littlewoods store has a sales area of 23,000 square feet and 75 per cent. of the size of a store for British Home Stores though new developments like one in Glasgow, go as large as 100,000 square feet. Despite the smaller shops, however, turnover is about the same as BHS, partly because of the different product mix — Littlewoods, which after the war sold more food than anything else, still sells more of the high-margin food lines than BHS. Net margins in Littlewoods are probably less than in BHS because of the cost of its new opening programme — currently running at about six new stores a year, though it has more freehold properties than most publicly-quoted retailers.

High Street

But it is only relatively recently that Littlewoods has become a significant force in the High Street. In 1970, for example, sales were running at £25m. behind those of BHS with only eight fewer stores. The group lacked any firm national image with shoppers and was still far stronger in the north than in the south in terms of coverage. Partly as a result of its geographical unevenness and partly because, like Woolworths, it had so many different lines of stores, shoppers in some parts of the country did not always know what a Littlewoods store was.

Then in 1971, it was decided to test the viability of cutting the range of goods offered at the gross margins in six areas. The pilot scheme was a success and in 1972 the exercise is repeated nationally. Gross margins, which have since been reduced a further 3.5 per cent., are cut by 2.5 per cent. At the same time, slow selling lines of toys and fancy goods were dropped from the stores, the range was cut by a third and far more emphasis was put on promotion.



Growth of Littlewoods chain store sales—from shops like one in Srixton in south London (right)—has outpaced its mail order business in the past ten years.

Planned selling was introduced and the individual branch managers were given less autonomy over the proportion of space given to particular lines. Big selling lines, like tights and ladies' knitwear, were given far more shelf space than before and the buying department was encouraged to buy in depth those lines which it thought would sell well, rather than tending to stock a wide but shallow range.

Despite these changes, Littlewoods' image in the High Street is still weaker than some of its competitors, particularly in the South where it is still represented in only a relatively few towns. Though there might seem to be a gap in the mass-market variety stores for a chain aiming somewhere below BHS and above Woolworths, Littlewoods says that, like BHS and Marks and Spencer, it wants to offer "value for money" and to be seen doing it. It denies that its appeal is more downmarket than BHS but both its stores and merchandise seem to be more successful in conveying low prices than quality.

Compared with Marks and Spencer, Littlewoods stores are deliberately a little cluttered; the counters are higher and the aisles between them narrower. By comparison with some of its chain-store competitors, its prices seem cheap, though Marks tends to use more expensive fabrics, and sell far less imported clothes. Similarly, the styles in Littlewoods, as in BHS, tend to be aimed even more squarely at the mass market than Marks' slightly middle class look: thus Littlewoods continues to sell more mini-skirts than its competitors. In some areas, there is more emphasis on youth and fashion

than in Marks: the styles that Littlewoods sells, though bearing no resemblance to current Kings Road fashions, tend to be more extreme than those in Marks and the colours brasher. The company says the emphasis on value has paid off in so far as the increase in volume has more than made up for the margin reduction in terms of profit. But the danger of putting so much stress on price, without building up any other strong image, is that customer loyalty may prove weak if the lower prices cannot be maintained.

Though shoppers may think the value for money in Littlewoods is good now, the group has not for example achieved BHS's established reputation in lighting or Marks' name for quality, although it believes that its reputation is strong in fresh food, hosiery and restaurants.

Catalogues

A similar approach to building volume was taken in the mail order side, which in 1971 was hit a body blow by the postmen's strike. The merchandise in the six separate catalogues has become more standardised even though the separate names for the six catalogues have been retained. There are only marginal differences in presentation and the merchandise is the same in each catalogue, selling under the same Spinney brand name. Learning from the experience of the chain stores, the range was reduced and in 1973 the

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Obligations for repairs

When I have asked for rent of an old cottage I was told that if I tried to collect, the tenant would immediately apply to the Council for all costs of compulsory repair orders. The tenant has been offered council accommodation and has declined. Can you advise me as to my legal position?

You certainly do have considerable repairing obligations under Section 32 of the Housing Act 1961. You may, however, be able to require the tenant to give up possession on the ground that suitable alternative accommodation is available if you can procure the local authority to certify that it will provide suitable alternative accommodation by a specified date. You would, of course, have to determine any contractual tenancy which may be still existing by a proper notice to quit, and the date specified by the local authority should be such that the accommodation will be available after the termination of the contractual tenancy.

A mistaken deal

I incurred a capital gains tax liability of £598 on a takeover and asked my stockbroker to suggest a "bed and breakfast" deal, in connection with other shares I held. Owing to a mistake, the deal they carried through resulted in an increase in my capital gains tax liability. The brokers have apologised and offered to repay their charges, which I consider not good enough. What do you think? We think that you may well have a claim against the brokers for the amount of additional capital gains tax incurred, and, possibly, for the initial £598 as well. This will, however, depend on a careful analysis of the transactions between you and the brokers and on there being no express disclaimer of liability. You should consult a solicitor.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

PARTICIPATION

A prospectus of 'nightmares'

A DIRE warning about the ills overmanning and misdirected investment is paid for by the society if current moves for increased worker participation were to "go wrong" has been assembled by Professor Tom Kempner, principal of the Henley Administrative Staff College.

Professor Kempner argues that managements still need to be endowed with authority whatever degree of participation is practised. He suggests that a stable society, increasing wealth per head, and a greater freedom of choice for the individual are also needed. Otherwise, he forecasts seven "nightmares".

1—People who should, or might, be leaders and managers give up because the game is not worth it. For example, because differentials are too small, taxes too high, positions of authority are too precarious because of excessive turmoil and near anarchy.

2—Demands for participation, however defined, are not matched by willingness to accept responsibility.

3—Governments meddle excessively, thus increasing uncertainty and bringing with it a feeling of the capriciousness of a society out of control.

4—The discipline of effort and reward is ignored by the state which, for ill defined short-term "social" (for which read "political") reasons, subsidises inefficiency and discourages the very changes which are needed to support a higher level of general welfare. Instead of easing the adjustment to new jobs in new industries and areas,

the "spoof" report continues: "There have been suggestions that if management were permitted to take part in policy making, then they would feel a greater loyalty to the enterprise in which they work—in other words behave with greater responsibility. There is little evidence of this."

The Corporation in Modern Society. Models for Participation. By T. Kempner.

cheaper carriage costs. By the end of this year more than half the merchandise will be delivered by its own fleet of vans from 15 depots.

Since 1970, Littlewoods' share of the total mail order market has grown from under 20 per cent. to nearer to 25 per cent. In 1974, turnover rose by 35 per cent. but last year, like most of the mail order companies, it put the brakes on growth and turnover only went up by 19 per cent. The cost of financing customers' credit is one of the main costs in mail order and Littlewoods cut back their extended credit terms from 50 weeks to 38 weeks. It also stopped recruiting agents so actively and dropped its least effective agents—about 6 per cent. of the total.

Dividends

Both the higher postal and carriage charges, and the £6 pay policy, will hit Littlewoods badly and it will be interesting to see whether it can continue operating on reduced gross margins. If it can, the City may again say that its success is only due to the fact that, as a private company, with an immediate prospect of going public, it does not have to face the demands imposed by the stock market and external shareholders. The company would reply that its low dividend policy and recent good profit performance has allowed money to be ploughed straight back into expansion of its chain store and mail order business.



Growth of Littlewoods chain store sales—from shops like one in Srixton in south London (right)—has outpaced its mail order business in the past ten years.



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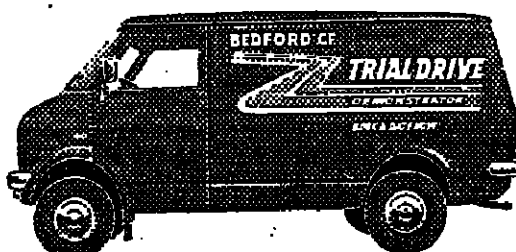
and it's also an excellent vehicle for our long runs—it's comfortable and it's fast."

J. Burns,
Beaverbrook Newspapers

"Our sort of work tests these vans to the limit and the fact that they stand up to it so well obviously does them full credit."

A. Francis,
Associated Newspapers

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PREVIEW

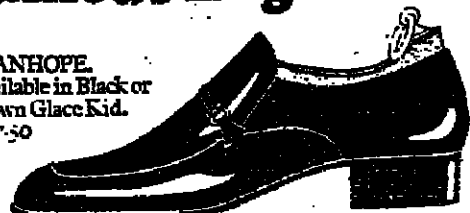
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Three in ten young teachers leaving training colleges this summer will find themselves unable to get work. Michael Dixon explains how excessive generosity in the past and stringent economies now have conspired to bring this about.

Teachers in an unemployment trap

THE NATIONAL Union of Teachers to-day confirmed that about 15 per cent. of teaching college leavers will be unable to find teaching posts in September.

The announcement, in spite of its up-to-the-minute ring, was issued by the NUT in 1969. It could equally well have dated from the year before or the year afterwards, because around that time the "teacher unemployment scare" was an annual summer event. The warnings from the teachers' unions were as a matter of routine followed by declarations from whoever was Secretary of State for Education and Science at the time that, provided new teachers were willing to go where jobs were available, all who wanted teaching posts could have them. In general, they were, and they did.

Since the Department of Education and Science has no power to direct the employment policies of the numerous local education authorities, the summer exercise was presumably a political device intended to chivy local authorities into taking up their full quotas of new teachers emerging from the training colleges. If so, the device worked.

This year the inevitably hazy total estimates suggest that the proportion of college leavers without teaching jobs will be not 15, but more than 30 per cent, and this time the danger is too real for a mere political device to work.

Admittedly the educational unions continue to rail against a Government policy which exposes education, along with other public services, to the programme of economies in State spending. But it seems significant that the professional bodies have not answered the

recruitment of teachers and the intention is now to halve the number of college places from 120,000 to 60,000 by 1981—necessarily takes time to put into effect. The Department's plans for a gradual diminution in output, including the inclusion in the rate support grant of sufficient funds for the local authorities to employ the planned production, seem to have been soundly based on the economic forecasts prevailing at the time.

Hard edge

The signs are that the adult unions' protestations now lack the hard edge even of conviction. They must know that, however many young would-be teachers face winter lacking the jobs for which they have been exclusively trained, there is precious little that the central Government can do about it. Teacher employment has gone beyond the field of national politics and come up against the steeper of hard local economies.

The central Department of Education and Science has had a part in bringing about the current surplus of college leavers, and in theory could be criticised for it. The decision to cut the number of teachers in training was taken, following indications of a reducing birth-rate, under Mrs. Margaret Thatcher's Ministry in 1973, and the unfortunate people coming from the colleges this summer mostly did not enter them until 1973.

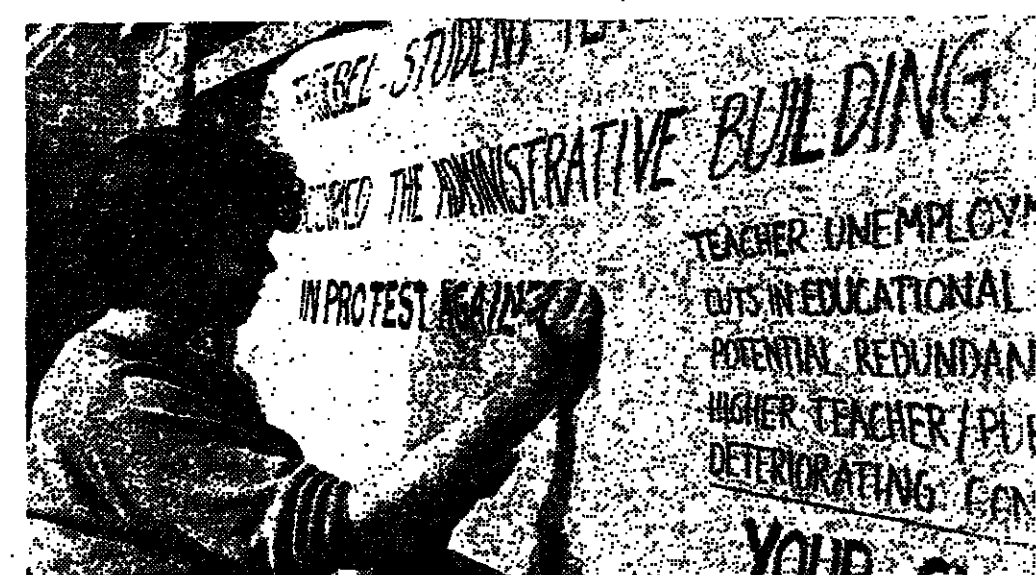
But in practice, whatever the Department can justly be criticised for, it is not for its present problem of teacher supply. With the training colleges under the control of the local authorities, any central decision to reduce the total output by a considerable amount—

and the intention is now to halve the number of college places from 120,000 to 60,000 by 1981—necessarily takes time to put into effect. The Department's plans for a gradual diminution in output, including the inclusion in the rate support grant of sufficient funds for the local authorities to employ the planned production, seem to have been soundly based on the economic forecasts prevailing at the time.

Events have made nonsense of those forecasts, but that is hardly the fault of the Department of Education and Science. Nor is it the Department's fault that the 105 local education authorities in England and Wales, and the dozen which come under the separate supervision of the Secretary of State for Scotland, have power at the end of the day to decide how many new teachers they are going to support on their area's budget.

If the central Department is not against criticism, however, the local authorities are. The decisions to leave much of this summer's college crop unused certainly contains an element of tit-for-tat. Over the expansive years when the education service was politically represented as the main instrument of the nation's faith in a rosy future, the service even at local level came to view itself as of supreme importance. The educators' general refusal to accept objectives by which their activities might be judged in any short-term sense and their arrogation of priority treatment nettled many local authority treasurers. The treasurers' memories have become all the longer as their funds have become short.

But the ingredient of bureau-



Sit in at the Froebel Educational Institute in Roehampton.

cratic revenge in the sudden arrest of recruitment is extremely small by comparison with the force of economic necessity. The teachers' unions are far from alone in pressing local authorities to maintain employment for their members. The argument for other workers is supported by a growing call for more recently developed forms of local authority service.

It is well known, for example, that wherever a social work operation is set up by an authority, a demand for its services swiftly springs up, and thereafter tends to expand at a rate faster than the authority is capable of matching. With the benefit of hindsight, the wholesale establishment of such self-stretching operations, many of

which have opulent ratios of middle-management to field workers, may seem a foolish step for a country with limited resources. But that is an academic point in the current situation, where the over-loaded social workers have a more noticeable, as well as more fashionable, case for improved staffing than the teachers can present.

The prospects for newly trained teachers have also been worsened—worry—by another decision made in the more hopeful past, which the teachers' unions loudly welcomed. It was the Government's acceptance late in 1974 of the Houghton Committee's proposals for an average increase of nearly 30 per cent, backdated to the previous May, to the salaries of

teachers other than those in universities. At the time when the belief was widespread that the big pay rise was no more than was due to the profession, nobody seemed to worry that it might significantly affect its fortunes.

In earlier years the teaching force, in which women are the majority, was subject to a large-scale annual wastage of experienced staff. No doubt the plans of the Department of Education and Science for a gradual reduction of teacher-output were based on the heavy rates of wastage prevailing up to 1972. But the Houghton salary award, coupled with the damage rising living costs have done to women's hopes of giving up work to have children, has sharply reduced the annual

wastage of experienced teachers. But the teaching unions' tactic of the same combination, plus the acceptance of reality has not been matched by the National Union of Students. Predictably young teaching force more money for each successive year of service, also strongly deterred local authorities from engaging new staff.

As a result the existing teaching force of about 500,000 is relatively well off. At the last count, registered unemployment among trained school teachers in England and Wales was less than 1 per cent. But perhaps 15,000 of this summer's college leavers and an unspecified number of those of the next few years will be denied the jobs they expected. That cannot justly be blamed on anyone in particular. Central Government, local authorities, and the organised teaching profession have all collaborated to pull up the ladder behind them.

The teaching unions, to give them credit, seem to have accepted this. Behind their policy of publicly attacking the Government's refusal to exempt education from the proposed economies, these unions have responded to the new teachers' plight by demanding, for instance, that the Training Services Agency be given means to retrain surplus youngsters in appropriate alternative skills. It can be argued that there is no other practicable measure of help available. And while the college leavers' original expectation of guaranteed employment will have hardened the emotional blow of being without jobs, they are objectively no worse off than many thousands of school-leavers and even university graduates are this summer.

But the teaching unions' tactic of the same combination, plus the acceptance of reality has not been matched by the National Union of Students. Predictably young teaching force more money for each successive year of service, also strongly deterred local authorities from engaging new staff.

Revolutionaries

Fortunately, behind the continued policy of promoting the employment of graduates, no matter what the corresponding diminution in career prospects for the generally less socially privileged people who leave school at an earlier stage, there undoubtedly lies an official recognition that a large number of unemployed whose life expectations have been boosted by higher education could become a ready-made force for manipulation by revolutionaries. The need to avoid this danger while holding public spending in check, is a severe challenge to Government skills. It will call for practical help from employing organisations, even though they may already be hard-pressed by labour costs. But if the crisis no worse off than many thousands of school-leavers and even university graduates are this summer.

Letters to the Editor

Arab power structure

From the Ambassador of the United Arab Emirates.

Sir—While appreciating the motives of The Financial Times in publishing its Survey of the United Arab Emirates (May 10), and welcoming its continuing interest in the coverage of Gulf affairs in particular, and Arab affairs in general, we take strong exception to some of the misleading statements included in the introduction by Mr. James Buxton.

One striking distortion is the sub-heading to that introduction which alleges that the UAE is "under the suzerainty of Abu Dhabi". This is a completely false interpretation of the constitutional, political or economic structure of the UAE which is based on full and equal partnership between all the Emirates, rich or poor, large or small. Incidentally, such a claim contradicts much of the material elsewhere in the Survey which tends to stress aspects of decentralisation rather than rigid central direction within the framework of the UAE.

May we respectfully point out that the Union was freely entered into by all the constituent Emirates and there is no question of "suzerainty" or hegemony of any kind. There is, on the other hand, a firm commitment by all to work together in co-operation and harmony to take gradual steps towards fuller integration by general consent and in the interests of all.

This has necessarily meant the broadening of the scope and activities of the Union government (which wields executive power) under the sovereign authority of the Supreme Council composed of all seven Rulers of the Emirates) and the tackling of political, social and economic challenges common to all.

It has also meant that the richer and more populous of the Emirates are also factually responsible for a larger share of the burden of Union expenditure and the future of the Union is debated extensively over long periods of time and resolved strictly in a spirit of unanimity and harmony.

In the light of this well-known background, we find it difficult to comprehend how Mr. Buxton arrived at the conclusion that the Supreme Council in practical terms really consists of President Sheikh Zayed and Vice-President Sheikh Rashid as being vital in maintaining the Union. Such a relationship, we might add, extends to all the Rulers.

We sincerely hope that the inaccuracies and misrepresentations we have mentioned will prove to be only a temporary aberration in a long record of

highly-regarded and balanced reporting by your well-respected paper.

Mohamed Mahdi Al-Tajer, Ambassador of the United Arab Emirates.

30, Princes Gate, S.W.7.

Devaluation tactics

From Mr. Henry Meulen.

Sir—It is an odd feeling for me to find myself defending a Labour Government, but somebody should point out quickly to Mr. Monckton (May 22) that devaluation of the pound is not designed to increase this country's prosperity, but as a better means than a credit squeeze of remedying an existing imbalance of trade. Either cure is painful, but devaluation is less painful than a credit squeeze because whereas restriction of bank loans chokes down production as well as consumption, devaluation, while making our imports dearer, boosts our exports. The result of devaluation must be a painful rise in general prices here owing to the rise in the cost of imports. But through the boost it provides for our exports it provides a quicker and less painful return to trade balance than does a credit squeeze.

Previous governments have, for well over a century, relentlessly applied a credit squeeze whenever we suffered from imbalance of trade. It is to the credit of the Labour Government that it has turned instead to devaluation. As Agnelli's Fiat said recently, it does not make sense to throttle production by a credit squeeze when a country is in a tight position owing to having imported more than it has exported.

Henry Meulen, 31, Parkside Gardens, S.W.19.

Celebration Dollar

From Mr. A. M. Petrijer.

Sir—The currency exchange movements last Friday almost tempted one to discern Government policy. To help celebrate the American Revolution Bicentenary the rate must presumably at least once this year achieve £1-US\$1.75.

A. M. Petrijer, 215, Dares Lane, Potters Bar, Herts.

The price of learning

From Dr. L. Symons.

Sir—The "£ devaluation euphoria" is rightly attacked by Mr. Gordon Techer (May 19) but in spite of the several telling points which he makes he does not mention the grave problems which continuing devaluation against all other major currencies creates for those who have to buy foreign goods or travel abroad but have no corresponding foreign earnings to convert into the home currency to cheapen their domestic purchases. The reality of these problems is all too readily apparent to those concerned with the financing of universities and other institutions, such as libraries, whose income is pegged by government at well below the rate of domestic inflation, with the result, no regard at all for the effects of devaluation. Thus, books, which in the currency of the country of publication have probably doubled

in price within two or three years, have trebled or quadrupled in terms of our cash outlays. Since monies available for expenditure have not increased by more than a small percentage, and have been in some cases actually reduced, many fewer purchases can be made. There can be no simple substitution by "buying British" because their very nature, technical books and monographs arise in one country where the work on the subject has been done, and the same goes for other equipment. Our higher education must soon begin to suffer as we fail to "keep up."

Dr. L. Symons, 17, Wychood Close, Langland, Swansea.

Words of wisdom

From Mr. J. H. Brooke.

Sir—These words of Abraham Lincoln are as apt now as they were 200 years ago: "You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage-earner by pulling down the wage-earner. You cannot further the brotherhood of man by encouraging class hatred. You cannot help the poor by destroying the rich. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves."

When will we ever learn? J. H. Brooke, Broad Oak, Shipbourne Road, Underitter, Nr. Sarnooka, Kent.

Organisation of the counties

From the Leader of Kent County Council.

Sir—How pleasant it would be to be able to see the problems of Local Government in as simple terms as those of Mr. Shepherd (May 21)—oversimplified solutions to over-simplified stated problems. It is of course possible to query the exact form which reorganisation took in 1974 and especially to question the exact split especially in the planning sphere between the two tiers of local government. However, this does not mean that all the problems can be abolished merely by removing one of the two tiers. Mr. Shepherd appears to hanker after the solution put forward originally by the Royal Commission, namely that of unitary authorities. However, the unitary authorities envisaged by Redcliffe-Maud were very much bigger than the present District Councils. There would probably have been only two in the whole of Kent and not fourteen. I very much doubt whether the present District Councils could be abolished and replaced by a higher tier of local government without being able to maintain the interests of local democracy against central government.

Mr. Shepherd mentions a staff increase in Kent of 7,000 posts over the last five years, implying that there has been very little increase (some 1 per cent.) mainly arise from the need to man new schools and social services homes or otherwise from

new statutory obligations. As far as is humanly possible increases have been concentrated at the "sharp ends" of services rather than in the administration. One cannot escape the effect of population growth and movement merely by willing it or by changing the nature of local government structure. Until recently, also, central government has shown very little willingness to cut down the number of new burdens it has placed on local government and this has been the case both before and since reorganisation.

Even in the planning sphere, where Mr. Shepherd might have a case in relation to the exact nature of the split in powers, Mr. Shepherd gets his facts wrong. It is not correct that the County staff are merely there to check that the District Councils are doing their job properly. Indeed, there is very little checking of Districts by County in this sphere. The County Council has a totally different range of responsibilities mainly connected with the Structure Plan and strategic issues and is quite content, subject to necessary consultative procedures, to let the

Managing local government

From Mr. D. Senior.

Sir—I cannot let pass without protest Mr. Rogaly's assertion (May 18) that the last Conservative Government "took Mr. Senior's proposed two-tier (local government) structure, modified it to suit local political taste, and enacted the 'reform' that came into force two years ago."

That "reform" was in no sense based upon my proposed structure. Indeed, with the curious exception of my most questionable unit (Humbly Grove), it completely disregarded—and in almost all parts of the country flatly flouted—the principles on which my colleagues on the Royal Commission. We had one in the counties before the 1972 Act was passed; we have another now; and in saying this I do not mean to say that I am not in said in my dissenting memorandum about the defects of my colleagues' proposals.

At the same time I would like to congratulate Mr. Rogaly on four welcome features of his article. He drew attention to the inevitably nonsensical results of tackling the management, structure, finance and functional scope of local government separately, serially and in the reverse of the logical order. He recognised that there is no reason why devolution of some areas of executive decision-making should be confined to Scotland and Wales. He emphasised that elected authorities cannot be properly responsible in the discipline of having to raise the money they spend—all of it, I would suggest—except the minimum grants required to subsidise their resources. Lastly, he treated the "we cannot undo it because it was done so recently" argument with the contempt it deserves, and is increasingly getting even from councillors, chief executives and party secretaries who would suffer most from "yet another upheaval."

I cannot, however, agree with Mr. Rogaly as to the likely consequences of "a return to first principles." I see no logical reason why the creation of financially responsible executive regional authorities (as distinct

District Councils get on with their job as District Planning Authorities dealing with local matters. Inevitably the Planning division of powers did involve some increase in staff, but none the less, the opportunity was taken so far as possible to diminish the establishment in the County Planning Department in Kent—the establishment has decreased by 30 or 13 per cent since reorganisation.

I would suggest that Mr. Shepherd's suggestion that such functions as Planning might be dealt with by direct consensus would probably result in a proliferation of staff not directly controlled by any one authority. This would hardly help the democratic control which Mr. Shepherd wants.

So far as agency is concerned, in Kent this has been used not because the area as a whole is unwieldy but in order to give as much local involvement as is compatible with the necessary minimum of overall control.

John Grignon, County Hall, Maidstone, Kent.

(from legislative assemblies) should lead to "something very like a federation" set along the break-up of the United Kingdom. Time was, after all, when local authorities raised nearly all the money they spent from taxes (the rates) whose poundages they fixed at their own unfettered discretion, and nobody then feared for the unity of the U.K.

On the other hand, disintegration must ensue from a combination of Scottish insistence on economic autonomy with an English regional backlash if the Government persists in thinking exclusively in terms of devolution to national assemblies, instead of considering the manifold advantages of devolving executive control over regional development simultaneously to elected regional authorities throughout the United Kingdom (including Strathclyde and Northern Ireland). This would take all the steam out of both Scottish separatism and English double-the-interest opposition to Scotland's legitimate claims to national autonomy in the educational, social and cultural fields—not including the structure of local government. It would also open the way to a great simplification of England's governmental structure through the absorption of a welter of ad hoc agencies and the replacement of both counties and districts with a single tier of most-purpose (quasi-unitary) local authorities.

But "a return to first principles" requires that the units of English regional government should be—as most of the existing Scottish regions are—plausible entities, coherent in terms of social geography, whose inhabitants can feel some community of interest in a major regional centre. They must not be, as Mr. Rogaly's map suggests, a mixture of "economic planning regions" defined for the very different purpose of central government business, with the most disastrous elements in the present local government structure—large urban areas of Greater Manchester, Birmingham and London each divorced from the rest of its centre's regional hinterland.

Derek Senior, Birling House, Birling, Maidstone, Kent.

To-day's Events

GENERAL Labour Party National Executive Committee meets. TUC General Council meets. Congressional hearing on decision to allow Concorde to land in U.S. Two-day Ministerial meeting of Central Treaty Organisation (Cento), at which Mr. Anthony Crosland, Foreign Secretary, is host, opens in London. National Freight Corporation annual report published. Automobile Association annual meeting, Savoy Hotel, W.C.2. PARLIAMENTARY BUSINESS House of Commons: Aircraft and Shipbuilding Industries Bill.

remaining stages. Select Committee: Science and Technology—Energy Resources Sub-Committee. Subject: Alternative sources of Energy. Witnesses: Department of Energy. Expenditure—Environment Sub-Committee. Subject: Planning Procedure. Witnesses: Department of Environment. Violence in the Family. Subject: Violence to Children. Witnesses: NSPCC. Expenditure—Social Services and Employment Sub-Committee. Subject: Preventive Medicine. Witnesses: DHSS, European

Secondary Legislation. Subject: Road Transport. Witnesses: Dr. John Gilbert, Minister for Transport. Race Relations and Immigration. Subject: The West Indian Community. Various witnesses. House of Lords: Debate on consultative document A Review of the Water Industry in England and Wales. OFFICIAL STATISTICS Construction—new orders. COMPANY RESULTS BOC International (half-year). Capper-Neill (full-year). International Computers (Holdings) (half-year). Marley (half-year). COMPANY MEETINGS: See Page 23.

Branches (brahnch'ès)

Branches (brahnch'ès) Extensions or subdivisions of a family—like the 1500 branches and offices of Standard Chartered Bank Limited in 60 countries throughout the world.

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King & Shaxson

LIMITED

The following is an extract from the Statement by the Chairman, Mr. T. S. Hohler, M.C. for the year ended 30th April 1976.

I am happy to report another successful year's trading. In spite of a rise of 14% in the Bank of England's minimum lending rate a few days before your Company's balance sheet, published profits are the second highest in your Company's history.

A net profit of £261,143 after a transfer to reserve for contingencies was achieved and a final dividend of 2.20886 pence per share is recommended making a total for the year of 3.10386 pence per share. This is the maximum increase the Company is allowed to distribute under the Government's anti-inflation policy.

A transfer of £100,000 has been made from Profit and Loss Account to the General Reserve. A further transfer of £200,000 has been made to a Capital Reserve out of which an issue of 1,000,000 new 20p Ordinary shares will be capitalised on the basis of one share for every eight held, leaving a balance in the Profit and Loss Account of £845,620.

Due to an exceptionally large and short portfolio a very substantial addition to the untaxed reserves has been provided which should fully protect your Company during the uncertain economic conditions of the forthcoming year.

King & Shaxson Fund Managers have had another good year. The rate of inflow of new business has considerably accelerated. The performance of the Funds continues to be satisfactory. For example, the Bond Fund launched in 1971 has now out-performed the Standard Index by 82% in capital terms and has provided a gross income since inception of £53 for every £100 invested against an income of £40 that would have derived from the Index.

I mentioned in my last Report that we were forming a feeder fund for First International Reserve Securities Trust Ltd. This Company was incorporated in September 1975. The shares were issued at £1.00 and the current price is now approximately 145% above this figure.

Copies of the 1976 Annual Report and Accounts may be obtained from The Secretary, King & Shaxson Ltd., 55 Cornhill, London EC3V 2PD.

BIDS AND DEALS

Tobacco Secs. forecast

Tobacco Securities Trust Company, the investment trust which is to merge with British-American Tobacco, forecasts that if the merger were implemented there would be little change in the group after-tax profit for the year to October 31, 1976, compared with that for 1975—£3.3m.

The forecast is contained in the formal offer documents relating to the merger, despatched to shareholders in both companies yesterday.

Details are also given of TST's interim results for the six months to April 30, 1976, which show that gross income is down from £1.93m. to £1.68m., with after tax profits at £1.1m. compared with £1.3m. in 1975.

There is a "modest" increase in income from quoted tobacco shares attributable to more favourable exchange rates. Income from unquoted tobacco shares is substantially lower but the fall is expected to be recovered in the second half. The higher figure for general portfolio dividends reflects movements in exchange rates, increased distribution and the continuing switch into equities with a consequent reduction in interest income.

For the six months to April 30, 1976, TST's interim results show: Tobacco quoted income ... £98,000; Tobacco unquoted income ... £20,000; Total income ... £118,000; Total expenditure ... £118,000; Profit before tax ... £140,000; Taxation ... £140,000; Net profit ... £1,100,000.

offer. Bayfine will retain 213,345 making its total holding 1,331,500 (73 per cent.) and Rowe Rudd and Co. will place with their clients the remaining 71,672 shares.

Century Secs.—Alcrafield agreement

The dispute between the chairman of Century Securities, Mr. J. M. Moody, and Alcrafield has been settled. Following further discussions, Alcrafield has agreed to act in a consultative capacity to Century and in return Mr. Moody also has granted options to Alcrafield to acquire from them all their interest in the issued share capital of Century.

Accordingly, Alcrafield has acquired the right to purchase 75 per cent. of the total family interest in 125p per share (£70,948 shares, approximately 16.3 per cent.), and the balance of 190,016 shares (approximately 5.1 per cent.) at 7p per share, both options exercisable within 12 months from the date of grant.

The Century Board has been reconstituted. Mr. J. M. Moody resigning as a director and proposing to take up the non-executive appointment of president and Mr. P. J. Moody resigning as a director. Mr. A. S. Alcock, Mr. T. Archer, Mr. E. Marsh, Mr. A. A. Paine and Mr. P. Sharp have been appointed to the Board. Mr. Alcock also being appointed chairman.

ARTAGEN

The Board of Artagen Properties is sending out shortly a letter to shareholders stating the unanimous recommendation of the directors, excluding the Sun Life representatives, to reject the increased offer of 54p per share from Sun Life.

BAYFINE-HIGHGATE OPTICAL RESULT

The Bayfine offer to acquire the share capital of Highgate Optical and Industrial other than that already owned, has been accepted in respect of 285,217 shares.

Bayfine held before the offer period 1,298,455 shares and has acquired or agreed to acquire 18,500 during the offer period. Of the 285,217 shares tendered to the

EUROCANADIAN INCREASES STAKE IN FURNACE WITHY

Eurocanadian Shipholdings now has a 23.94% interest in the Ordinary stock of Furnace Withy and Co. by increasing its holding of a further £185,000 stock between May 4 and 21.

HARRISON & SONS LAND SALE

Harrison and Sons has sold 3.7 acres of land adjacent to the factory at Hayes for £235,000 cash. Proceeds will be applied in reducing the company's borrowings.

GENSTAR MONTREAL

Genstar Montreal is proceeding with its previously proposed examination of operations of Abbey Glen Property Corp. which could result in an offer for the whole of the issued capital of Abbey Glen within three weeks. Cadillac Fairview has terminated discussions with Capital & Counties Property Co. for its 82 per cent. controlling interest in Abbey Glen.

ASSOCIATES DEALS

Allied Irish Nominees on May 24 bought on behalf of Barrow Milling 41,806 Boland at 40p. O'Donnell and Fitz-Gerald bought on May 21, 18,300 Bolands at 40p on behalf of an associate of Bolands.

Allied Irish Nominees bought on May 21, 71,824 Bolands on behalf of Barrow Milling at 40p. Associates of Barrow Milling bought 1,000 Barrow at 65p on May 21.

SHARE STAKES

London and Manchester Assurance has bought a further 47,000 Deferred shares of British Industries and General Investments. L. and M. and its subsidiary Welfare Insurance together purchased 892,500 Deferred (16.73 per cent.). Reed and Malik—As a result of sales of Damian Investment Trust now holds 407,500 Ordinary shares (11.85 per cent.). Justmae bought 407,500 shares in Reed (11.85 per cent.).

Amalgamated Metal Corporation—Norddeutsche Affinerie has increased its holding by 10,000 shares making its total interest 898,812 (14.22 per cent.).

Holding of Patino N.V. is unchanged at 322,000 shares (5.43 per cent.).

Mr. R. L. Tanner and Mr. A. G. Whitfield purchased 1,000 Ordinary shares in Orme Developments giving them an interest of 23.93 per cent. each.

Vesper Thornycroft has increased its holding to 820,000 Ordinary shares of Yarrow (20.5 per cent.).

COMPANY NEWS IN BRIEF

ALBERT MARTIN HOLDINGS (clothing manufacturer) reported April 24. Direct exports £1,275,000 (1975: £1,000,000). Group fixed assets £2.1m. Net current assets £1,000,000. Motor car, Continental, June 1976. ALFRED WALKER AND SONS (house builders)—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

DEBT FOWNESS (textile, fabric, wool) reported April 24. Fixed assets £1,000,000. Net current assets £1,000,000. Sales this year lower than previous year. Company being forced to reduce profit margins due to competition. Increased expenses and wages will have adverse effect on profit. Effort is being made to counteract this by increasing turnover. Meeting, June 18, 1976.

ESTATES DUTIES INVESTMENT TRUST—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

HOUSE OF LEROUX—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

P. AND W. MACLELLAN (iron and steel merchants and paint)—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

SHILTON SPINNERS (textile)—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

TRUST—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

VALUATION MONTHLY—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

WATERLOO—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

MINING NEWS

Amax to raise dividend

BY KENNETH MARSTON, MINING EDITOR

THE forecast that 1976 should be a good year for Amax which was made recently by the chairman, Mr. Ian MacGregor, has been underlined by his president, Mr. Pierre Gosselaud. Speaking in Paris he reckoned that net earnings should rise by 10 per cent. this year provided that the outlook for copper, lead and zinc improves.

Mr. Gosselaud added that he was confident that the Amax dividend would be increased this year. The U.S. mining giant paid a total of \$1.75 per share for 1975 out of earnings of \$134.4m. (£74.9m.) or \$4.43 per share.

Over the next four years the Amax group is to invest \$2m. (£1.1m.) with half the finance being provided internally and the rest coming through bank loans, said Mr. Gosselaud. So far some \$450m. (£251m.) has been spent on the new Henderson molybdenum mine in Colorado which is to start production at the beginning of 1977.

An interest of 8.37 per cent. in Amax is held by London's Selection Trust. Shares of the latter improved 5p to 480p yesterday following news of a better than expected result to the recent rights issue of two new shares at 400p for every nine held.

Over 95 per cent. subscribed and the balance of the shares has been sold for the benefit of entitled provisional allottees at a net premium of 45p per share.

DAGGAFONTEN

The proposed auction of Daggafonten's remaining freehold property is to be held in Johannesburg on June 10. Daggafonten started gold production on the eastern Rand in 1952 and ceased underground operations in 1967. Hopes that part of the mine might have been reopened as a result of the subsequent rise in the price of gold production on the Rand have not materialised and the company has now reached the end of its days. It has been stated that there is little prospect of any further distribution being made on the shares, the listing of which was recently suspended at the company's request.

ROUND-UP

The Union Corporation group's Leslie Gold proposes to make a further capital repayment of 3 cents (3.2p) to holders registered September 24 next, it being considered that in view of the level of operations the present authorised and issued capital is surplus to requirements. 11th year to last September, Leslie paid an interim of 18 cents followed by a capital repayment of 10 cents. An interim of 9 cents has already been paid for the current year. The shares were 48p yesterday.

Canada's McIntyre Mines earned 51m. (£27m.), or 43 cents per share.

London Indemnity and General Insurance is the beneficial holder of £283,600 Prefd. stock in P and O. This notice is given as the Prefd. stock cars voting rights and it replaces notice given in February 1975 by Jessel Securities that it owns £280,100 Prefd. stock. This notice arrived too late to be incorporated in report and accounts just issued.

The net profit comes through at £79,493 against £82,037 after tax up from £44,709 to £53,275.

Pre-tax profits of George Doland improved from £170,345 to £185,520 the year to January 31, 1976, and not from £172,656 to £178,000 as inadvertently reported yesterday.

SPENCER TURNER AND BOLDERS (textile, footwear and general wholesaler) controlled by Anglo-African Finance. Results for year to January 1976. Fixed assets £1,000,000. Net current assets £1,000,000. Turnover so far lower but rising. Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

VIRKING DISTRIBUTION TRUST—Results 1975 reported May 11. Fixed assets £1,000,000. Net current assets £1,000,000. Directors have confidence in company's strength and prospects. Meeting, June 18, 1976.

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Gerrard & Natl. strength

AFTER THE good results of the past two years Gerrard and National Discount Company is in a strong position to face the hazards that must arise in the current economic climate, says the chairman, Mr. R. G. Gibber. He emphasises that a rise in interest rates does not necessarily mean a serious set-back for a discount house. Indeed, it can even improve profitability, he declares.

As known group net profit, after a large transfer to inner reserves, increased from £2,515,000 to £2,587,000 in the year to April 5, 1976, the dividend is lifted from 12.178p to a maximum permitted 13.302p net per 25p share and a one-for-one scrip issue is proposed for holders registered on June 17.

Inner reserves after transfer rise £500,000 to general reserve stand at a substantially higher figure than ever before. Published reserves totalled £11,780,000 and total assets were £170,500,000 (£162,900,000).

During the year favourable interest rate movements in the U.S. and changes in the Euro-Dollar market helped the foreign currency side to make record profits. The share of the market turnover in Euro-Dollar Certificates of Deposit increased substantially, says Mr. Gibber.

Last March the stake in P. Murray-Jones Holdings was increased from 44.11 to 50.02 per cent. The chairman says he is confident that the further acquisition will be a useful and profitable extension of activities into a different but related field.

Chairman's statement Page 23 See Lex

Elliott Group £11m. contract

At the AGM of Elliott Group of Peterborough Mr. E. L. V. Smeeth, chairman, reported the successful completion of negotiations with Saudi Arabia for the supply and completion of a school building programme with a total value of some £11m.

Mr. Smeeth said that the contract, which was to be completed in the early part of 1977 and contribute "substantially" to group profits. New techniques in production and design were being used, and it was expected the contract would be the forerunner of others of a similar nature in the Middle East and West Africa, the chairman added.

Commenting on the growth in sales since 1969, he pointed out that some of this was accounted for by acquisitions and said these acquisitions were not random but a deliberate plan to slowly put together a group that could offer a complete package of environmental control equipment.

"In doing this, we have sometimes sacrificed the present for the future, but what we have now achieved is the most integrated group in the environmental control field. The base we have now set up has a manufacturing capability of some £100m. per annum at current prices which should be achieved without further major expenditure over the next few years."

Reed International Limited

Preliminary Consolidated Profit Statement for year ended 31st March 1976

3 Months Ended		Year Ended	
31.3.76	31.3.76	31.3.76	31.3.75
£ million		£ million	
258.4	291.0	1063.6	968.6
160.7	168.2	647.2	612.9
97.7	122.8	416.4	355.7
22.2	17.0	61.5	102.1
8.5	10.9	31.5	45.5
13.7	6.1	30.0	56.6
(3.8)	(6.4)	(24.1)	(16.7)
18.4	10.6	37.4	85.4
7.9	8.6	21.9	40.0
2.7	3.9	9.3	17.8
5.2	4.7	12.6	22.2
10.5	2.0	15.5	45.4
0.9	0.9	2.2	4.3
9.6	1.1	13.3	41.1
DIVIDENDS paid and proposed		0.2	0.2
Preference		10.1	9.3
Ordinary		10.3	9.5
1976 11.0775 p per share		3.0	31.6
1975 10.283 p per share		(2.1)	(3.4)
Total Dividends		0.9	28.2
EXTRAORDINARY ITEMS LESS			
TAXATION			
PROFIT RETAINED			
10.5p	1.0p	EARNINGS PER ORDINARY SHARE OF £1	14.3p 45.4p

The Directors recommend payment of a Final Dividend in respect of the

Curb money supply say brokers

By Michael Blanden

INCREASE in interest rates needed in the U.K. to control monetary growth in the domestic economy as well as for external reasons, says the latest monetary bulletin published by stockbrokers W. Greenwell.

The brokers say the money supply figures published at the weekend "are extremely disturbing that M3 has shown such growth when there has been a net sterling."

"They point out that the growth M3, the money supply on the definition, in the month to 14-April was inflated by special stores. But it was also held back by the effect of the support operations for sterling."

These produced a flow of sterling to the Government, reducing need to borrow from the bank system, and therefore the growth of money supply.

Pressures

Over the past three months there has been growing at an annual rate of 13 per cent, just within a limit of the Government's own aims, but (Greenwell) says the substantial outflow of foreign exchange reserves required to support the pound must continue for very long.

While external pressures might have triggered last week's 1 per cent rise in the Bank of England's minimum lending rate, it is necessary to increase interest rates for domestic reasons as well.

The growth of money supply, the narrower definition, M1, which excludes bank deposits, has been exceptionally high in the month. Over the past three months it has been rising at a rate of 27 per cent, a year.

WGI Group wins Dow Chemical Co. work

WEST'S CIVIL ENGINEERING (WGI Group) has been awarded the building and civil engineering contract for a plant at King's Lynn, Norfolk, which is being developed by Dow Chemical Company to produce agricultural chemicals. Work will include the main process and warehouse buildings, storage tanks, cooling towers, thermal oxidiser, nitrogen storage, storage, pipework and effluent lagoon.

ROWLINSON CONSTRUCTIONS, Stockport, has won a £1.8m contract to design and build 193 houses for Bristol Corporation.

N. G. BAILEY AND CO., Bradford, has obtained an order worth about £1m in connection with electrical installation work for the oil terminal services at the new Kirkstall power station in Northern Ireland.

INTERNATIONAL RESEARCH AND DEVELOPMENT CO., Newcastle upon Tyne, has been awarded two contracts by the Nuclear Power Company (Whitstone) for the supply to the CEGB of ten high-temperature, high-pressure, corrosion-monitoring autoclaves (furnaces). The orders, worth more than £400,000, cover the design, manufacture, erection and commissioning of the furnaces at Hartlepool and Heysham nuclear power stations. Each station will be supplied with five autoclaves including associated pipework, electrical heating and temperature controls, and monitoring and necessary safety controls.

W. H. SMITH AND CO. (WHIT-CHURCH) has won a £200,000 order to supply 350 tonnes of steel for the Albion Sugar Company's new sweetener plant under construction at Tilbury. The order was placed by the main

contractors, George Wimpey M. E. and C.

METAMATIC Metal Box's packaging handling division, has won a contract worth almost £200,000 to supply all filling line conveying equipment for loose cans at the new Coca-Cola canning plant, Milton Keynes, the first canning plant in the U.K. to be built and operated by the Coca-Cola Export Corporation. Output from the new 24m plant is expected to be about 200m cans a year. The installation is expected to begin in the autumn.

ICL has received a letter of intent from Petters of Staines, Middlesex, a Hawker Siddeley company, for the installation of a 2504, ICL's new computer development. Worth about £182,000, the configuration comprises 2504 central processor with 40K of main storage with three FDS, two EDS 60s, 300 cpm card reader, 300 lpm line printer, magnetic tape controller and four drives. The new system is expected to be installed in early 1977.

WHESOE (IRELAND) has received a contract worth about £150,000 from Pfizer Chemical Corporation, Ringskiddy, Cork. Whesoe is to fabricate and erect storage tanks ranging from 30 feet to 112 feet diameter to hold effluent liquor. Over 440 tonnes of steel will be utilised.

D. ROBINSON AND CO., Camberley, Surrey, has been awarded a contract worth £130,000 by the CEGB for fault alarm annunciator equipment to be used in its Littlebrook D power station.

APPOINTMENTS

J. Donaldson heads Ford product planning

Mr. James D. Donaldson, who has been appointed vice-president of car product planning, FORD OF EUROPE, joined Ford of Britain 12 years ago as a graduate trainee. In 1973 he became product planning manager for the new Ford Fiesta, due to be announced later this year, and in 1975 was made programmes manager of car product planning, responsible for the company's overall range.

Mr. Basil de Ferranti has been appointed European advisory director of the ENGINEERING EMPLOYERS FEDERATION. Mr. de Ferranti, who is a member of the EEC Economic and Social Committee, will assist the Federation to represent its views to the European Community and will enable it to assess the impact of Community plans and proposals on the U.K. engineering industry. This is a part-time post and he remains deputy chairman of Ferranti.

Mr. William W. Reid has been appointed commercial director of AEL SEMICONDUCTORS. Mr. Reid, who has been with the company for four years, was made marketing manager in 1972 and in 1975 became commercial manager responsible for all sales and marketing.

Dr. Hans Peter Lins, member of the Board of Management of the Bayerische Landesbank Girozentrale, Munich, has been appointed to the Board of LEOPOLD JOSEPH HOLDINGS.

Mr. Howard A. McKinley has been elected president of DUBAI PETROLEUM COMPANY, a wholly-owned subsidiary of Continental Oil Company (CONOCO). Mr. McKinley succeeds Mr. C. K. Shepherd, who has elected for early retirement after almost 40 years with CONOCO. He has been president of DPC since 1970. Mr.

McKinley assumes his new post

of the founders in 1955 of the primarily concerned with product planning, King-Wilkinson grammes in Africa.

Mr. D. C. L. Chidell retires from the Board of AUSTIN REED GROUP from May 28.

Mr. Richard Nicholls has been made managing director of ENGLADEX. His appointment follows the death in December of the company's founder Mr. C. M. Gallen.

Mr. Alex Laker, general managing director of the GKN Fasteners subsidiary group has been elected president of BIRMINGHAM CHAMBER OF COMMERCE. He succeeds Dr. David Alton, managing director of Fosco Minsep.

Mr. J. E. Reeve, establishment director of the development engineering department of the steel tube division of Tube Investments and director of STD Services, has been elected national vice-president of the INSTITUTION OF PRODUCTION ENGINEERS from July 1.

Mr. Conrad Sandler, managing director of Warshaw (Building Materials), has been elected chairman of the BUILDING OF ARCHITECTURAL IRON- MONGERS.

Mr. J. D. Greig has been appointed director of the Population Bureau of the Ministry of Overseas Development. Mr. Greig served in the Colonial Service in the company on March 15, with Nigeria and Mauritius from 1948-1967. After a year spent on the feasibility study into the possibility of establishing a free port in Malta, he joined the International Planned Parenthood Federation where he was SCRAP FEDERATION.

Mr. Henry Brook has been elected president of the BRITISH SCRAP FEDERATION.

Changes at Imperial Group

Mr. W. G. McPhie, financial director since 1968, will retire from the Board of IMPERIAL GROUP at the close of the next annual meeting on March 22. Mr. J. McKinnon will join the Group Board as finance director from that date and will also succeed Mr. McPhie as a member of the Group policy committee. Mr. McKinnon joined Imperial as an assistant accountant in April 1967. He was appointed deputy chief accountant in September 1967, and chief accountant in 1968.

Mr. Leonard Sainer of Titmuss, Sainer and Webb, solicitors, has been co-opted to the Board of the BANK LEXAM (U.K.). Mr. Sainer, a director of a number of companies, is chairman of United Real Property Trust and deputy chairman of Lewis Holdings, Lewis's and Selfridges.

Mr. Ian Peres has been appointed deputy managing director of TEESLAND INVESTMENT COMPANY. Other appointments are Mr. K. McCabe, commercial director of Teesland, Scotland; Mr. R. G. Gyl-Johnson, management director and Mr. P. J. Brown, project director of Teesland Development Company. Mr. Brian Field has resigned from the Board of all subsidiary companies within the Teesland Group but remains as a non-executive director of the parent company.

Mr. Simon P. E. Talley has been appointed a director of DAVID CHARLES HOMES with special responsibility for the marketing of the company's residential developments, while retaining the position of group marketing controller.

RECENT ISSUES

EQUITIES

Stock	1976	1977	1978
B.P.	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1

FIXED INTEREST STOCKS

Stock	1976	1977	1978
B.P.	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1

"RIGHTS" OFFERS

Stock	1976	1977	1978
B.P.	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1
BPCL	225.1	225.1	225.1

MARSHAL'S ADMIRALTY SALE OF THE M/S MANDARINCORE

PRESENTLY LOCATED AT PIER 2C HONOLULU HARBOUR, HONOLULU, HAWAII, U.S.A., AS IS, WHERE IS

Sale to be at public auction on June 10, 1978, at 10.00 a.m. at the main entrance of the United States Post Office, Customs House and Federal Court House located at Honolulu, Hawaii. The terms of the sale are ten per cent (10 per cent) of the sale price on the fall of the hammer, the balance due on completion of the sale by the court, all sums to be paid by cash or certified or cashier's cheque drawn to the order of the United States Treasurer on any U.S. commercial bank with no other method of payment accepted.

The M/S Mandarincore is a fully refrigerated Israeli flag vessel, vessel Number M/S-139. She was built by A/S Bergen M/V on March 1968 at Bergen, Norway. She has a dead weight of 710/8,220, registered gross of 8,185/9,227, and net of 4,812/356 (CSD/OSD), with an overall length of 485 feet 0 inches, breadth of 65 feet 10 inches and a moulded depth of 41 feet 6 inches. Classed Lloyd's Register Shipping, Class 100, F.L.M.C. - R.M.C. passed December 1972. Engines are B and W type of 11,500 bhp. Speed 19.5 knots loaded. Reefer capacity 15,810 cu. ft. reefer bays.

For information contact: The United States Marshal for the District of Hawaii, Federal Building, 335 Merchant Street, Honolulu, Hawaii 96813. Telephone (808) 548-2150. Case, Kay, Clause and Lynch, Attorneys, 1100 First Hawaiian Bank Building, Honolulu, Hawaii. Telephone (808) 536-7261.

VICKERS LOOK SET FOR BETTER YEAR

Full of vim at Vickers
Daily Express 22.9.72
There has been more behind the strength of Vickers lately than just good figures and recovery prospects.
Sunday Telegraph 22.4.73

Reorganisation brings rise in Vickers' profit

Irish Times 13.4.73
Vickers first half upsurge
Financial Times 21.9.73

Vickers really comes to life!

Strong order books at Vickers
Financial Times 6.6.75
You can expect a lot from Vickers
Sunday Express 11.7.75
Vickers profits exceed profit hopes
Liverpool Post 13.9.75

Points from the Statement by the Chairman The Rt. Hon. Lord Robens of Woldingham P.C.D.C.L.L.D. which appears in the 1975 Report and Accounts.

For the fifth successive year I am able to report a substantial increase in pre-tax profits with earnings per share rising to 36.2p. Group sales totalled well over £300 million and pre-tax profits reached £34.3 million.

With profits reaching £25.9 million in 1974, and with uncertain economic and trading prospects, it seemed unlikely that in 1975 we could expect at best to do more than match the 1974 results. But in the event nearly all our activities ended the year strongly, and an excellent result also came from the British Aircraft Corporation.

It is also satisfactory to report further progress during 1975 in our policy of re-investment and acquisition. In 1971 first priority had to be given to safeguarding the liquidity of the Company, and as a result of the action then taken, including the closure or sale of unprofitable businesses, the position had already been reached by 1972 when the Company had sufficient financial flexibility for plans to be put to hand for expansion.

In the four years 1972 to 1975 we have, in fact, invested some £55 million in renewal of facilities, in additions to existing businesses and in acquisitions. The higher earnings now being achieved reflect to an important extent the fruits of this policy.

The ability to invest must, of course, stem from the ability to make profits. In recent years, however, because of inflation, it has become more and more difficult for profits to keep pace with increases in working capital alone, quite apart from the provision of funds for re-investment. Though in Vickers we

now earn reasonable profits, they must be seen in the perspective of inflation.

Certainly investment on the scale we have undertaken would not have been possible on the basis of retained profits alone. Fortunately, we began this period with borrowings low in relation to assets and this low gearing, coupled with confidence created by successful management, made it possible to increase our borrowings substantially without putting our basic stability at risk. Moreover, it has been possible to put a much higher proportion of our borrowings into a long-term setting.

INVESTMENT WIDELY SPREAD

Our new investment is widely spread among the activities we have identified as having growth potential in the Engineering Group, in the Rover Vickers Office Equipment Group, in the Howson-Alphagry Group and at Canadian Vickers.

In Australia the acquisition of assets providing an entry into the transport industry played a large part in the success enjoyed by Vickers Australia during the year, but our biggest investment has been in Vickers Oceanics, which now operates a fleet of five support ships and ten submarines.

Two of our companies are to be congratulated on

Consolidated Profit & Loss Account for the year ended 31st December 1975

	1975	1974
Sales	£324,904	£264,643
Consolidated profit before taxation	18,674	15,533
Share of profits of associated companies	15,580	12,401
	54,254	27,934
Provision for doubtful debts	-	2,000
Profit before taxation	34,254	25,933
Taxation	16,567	12,924
Profit after taxation	17,687	13,010
Minority shareholders' interest	1,492	721
Stockholders' profit before extraordinary items	16,195	12,289
Extraordinary items	611	(1,496)
Stockholders' profit	16,806	10,793
Dividends	3,672	3,601
Profit retained	12,934	7,192
Earnings per £1 of Ordinary Stock	36.2p	27.2p

winning Queen's Awards in 1975. Howson-Alphagry for export achievement (its second Award) and Vickers Oceanics for technological achievement. A Council of Design Award went to Vickers Instruments, the second occasion in four years that an Award had been gained for a microscope design.

We again did well with exports from the U.K., the total value, including sales to overseas subsidiaries, amounting to £44 million.

Continuing attention was given in 1975 to ways and means of improving the channels of information and consultation within the Group. Vickers has long regarded it as important that employees should be fully informed and consulted as possible, and believes that these processes have been well developed at most of our plants. There are few human activities that cannot be improved, however, and we have initiated further action to strengthen these processes. It is to be hoped that the position will not be reached when inflexible arrangements are imposed by Statute, regardless of particular circumstances in the nature and size of businesses. If so, it could well be that a laudable objective will be frustrated, and efficiency impaired rather than enhanced.

THE FUTURE

At this time, with nationalisation of our shipbuilding and aircraft interests probable within the next few months, the task of prognostication could not be more difficult, whether for 1976 or for the longer term future.

So far as 1976 is concerned, I can at least say with full confidence (though with the usual proviso about events beyond our control) that our many ongoing activities should in total do no less well in 1976 than they did in 1975 and many will do better.

Assuming nationalisation, however, we shall lose income from shipbuilding and from B.A.C. for some portion of the year. Given the scale of the profits, especially in B.A.C., we clearly cannot expect that

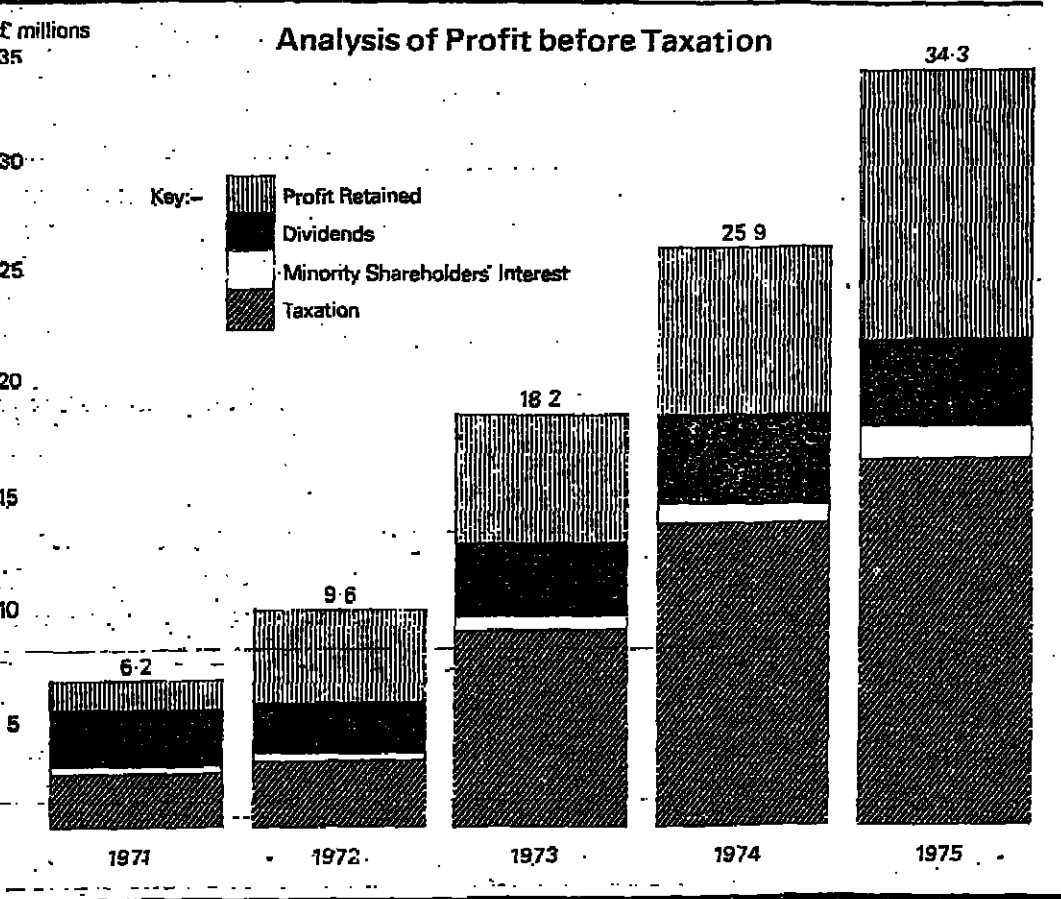
compensation money will produce matching income overnight.

Looking further into the future, a great deal will obviously depend upon the amount of compensation we receive. The Government's declarations about "fair" compensation ring hollow when put alongside the present compensation formula, which relates the assessment of compensation to a situation in the past when the probability of both our shipbuilding activities and B.A.C. respectively B.A.C. stood at much lower levels. It has been said, however, that "all relevant factors" will be taken into consideration, and there is also provision for compensation procedures. We have the right to expect that under the circumstances of nationalisation, which is a compulsory sale of the Company's assets, a fair price should be paid and nationalisation not used as a means of confiscation.

The amount of compensation will clearly be a factor in deciding precisely how it should be used to expand Vickers interests. The scale and spread of our ongoing activities are such that they can readily absorb a good deal of further investment to enhance their already increased earning capacity. If, however, a truly "fair" price is paid for the assets now to be taken from us, then sufficient funds should be available to contemplate a major new acquisition or acquisitions to take us into new, though related, areas of activity.

Whatever the position that emerges as a result of nationalisation, the Board's prime objectives will be to ensure that our activities provide good employment on the largest possible scale, that Stockholders obtain an increasingly good return on their investment, and that Vickers continues to contribute worthily to British industrial strength.

22 April 1976 ROBERTS



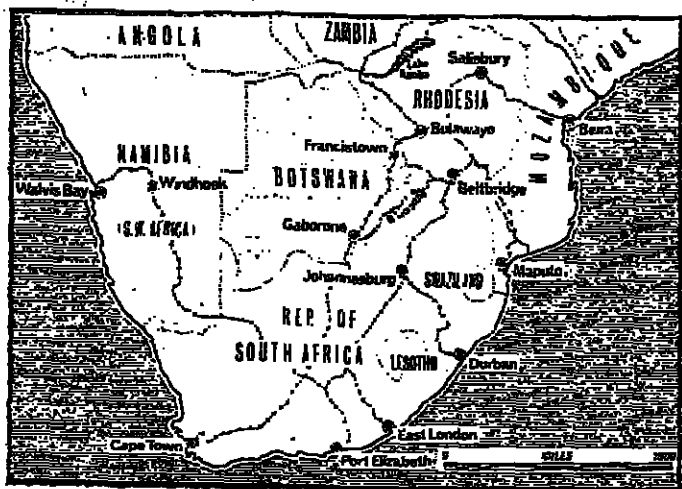
The Report and Accounts 1975 have been posted to Stockholders. The 1976 Annual General Meeting of Vickers Limited will be held on 17th June 1976 at Millbank Tower, London SW14. Vickers Limited, Vickers House, Millbank, London SW14 4RA.

Despite sanctions and sentiment the Botswana railway runs

A Rhodesian lifeline

BY STEWART DALBY

THE RAILWAY is to Botswana most what the Nile is to Egypt. It probably takes a ride on the Rhodesian-owned line which crosses Botswana from north to south to realise just how dependent the country is on it, and why it is extremely reluctant to nationalise it and close the border with Rhodesia despite mounting pressure to do so.



Botswana is the size of France, has fewer than 700,000 people. Much of the country is desert. The population is concentrated in the thin eastern strip of the country. Apart from cattle raisers, other subsistence farmers, live in small sleepy towns on the railroad — it has an estimated that 70 per cent of the population live within miles of it.

Ten years after independence, Botswana still has few roads. The main road from Gaborone, capital, to Francistown, the Rhodesian border, is described as an all-weather road, but it is not wholly metalled. The road further north to Zambia, which is being built with Canadian and American money as well as other donors' help, is only gravelled.

The Government of Sir Seretse Khama attaches great importance to roads and 45 per cent of this year's development budget of R56m. (£36.9m.) is being devoted to building them.

At the moment, however, the 6-mile railway which winds from Mafeking to Salisbury in the other direction it is possible to go down to Capetown, the main line of communications. Something like 80 per cent of Botswana's internal traffic travels along the line as well as a lot of its people on the passenger service. Of the estimated 1m. tons a year of goods which are thought to be carried on a single track diesel-powered line, just under 1m. tons are thought to be Botswana's own. The rest is divided between Zaire and Rhodesia. Botswana produces little of what it consumes, so that much of its traffic consists of imports from South Africa. But the railway is used to carry Botswana's largest export, the second largest export. They usually go by road, as the bulk size of a diamond shipment is not large.

Sometimes trains are extremely sensitive and delicate "mixed" with both freight and passengers. The passenger trains going up to Rhodesia are usually full. This has remained true despite bombing on May 5 and again this week.

Because Botswana suspended air flights into Rhodesia, as part of its contribution to the sanctions effort, going up by rail is one of the few ways of getting into Rhodesia. One catches the train at 7 a.m. in the evening at Gaborone, has a reasonable dinner in the dining car if one can afford a first-class ticket, and wakes up to eggs and bacon just before Francistown.

There you step off the train on to the main street. On the other side of the track there is nothing except miles of flat bush stretching to the back of beyond. The dusty and holed main road is lined with a number of trading stores, including a "bottle shop" for buying duty-free drink to take into Rhodesia, and two hotels.

Francistown seems to epitomise the uncertain and fluid nature of relations between Botswana and Rhodesia. In the better of its two hotels the bars are filled with white expatriates, mostly drinking and talking. Mingling with them there are almost certainly a few white deserters from the Rhodesian army, as well as men who probably work for Rhodesian security. At least two people claimed to me that they were deserters.

It is not impossible that a number of guerrillas from Rhodesia also find their way into the bar for a drink. The question of guerrillas crossing the border has always been an

The reverse is true for Botswana. A Canadian survey team worked out with the Botswana Government that if it were to nationalise the railway it would have to find £43m. merely to keep it going. This excludes any compensation that might become due to Rhodesia and does not include salaries of the expatriates needed to run the railway. Nor does it include yearly running costs. Of the £43m., £27m. would be needed for new rolling stock, since the existing equipment belongs to the Rhodesians who would withdraw it. Something like 24 locomotives would be required and anything up to 2,000 coaches.

Sir Seretse said in 1974 that he wanted to nationalise the railway but that obviously would be a long-term project. The need to keep it running in the meantime has partly conditioned his foreign policy. He has consistently condemned apartheid in South Africa. He has refused to have direct diplomatic links with Pretoria and has declined all offers of aid or assistance from South Africa. He has strongly supported other black African governments in the call for majority rule in Rhodesia, and he has tried to implement sanctions against Rhodesia. But there has been a closely defined limit to what he has been able to do. Closing the railway precipitately would not do a lot of damage to Rhodesia but would do a lot of harm to Botswana. Mr. Archie Mugwe, the Foreign Minister, puts it like this: "We are prepared to die a little to help our brothers — but we are not prepared to cut our throats."

All this does not mean that Sir Seretse Khama will not ultimately close the railway. But it is not a decision he is going to take lightly, and it is not something that is going to happen overnight.

Security men

Though one cannot prove it, it is said that a number of Rhodesian security men get on the train at Francistown and travel as far as Bulawayo to look out for suspicious characters. I did not see any armed guards or indeed any passport formalities were reasonably relaxed. But no doubt there were some weapons somewhere on the train.

The Rhodesians regard the portion of the railway from the Botswana border to Bulawayo as the most vulnerable to attack. It was along this portion that the incident took place on May 5.

The Rhodesians want to keep the railway open to show the world that the country is not hostile with white expatriates, mostly drinking and talking. According to Sir Seretse Khama, Mingling with them there are almost certainly a few white deserters from the Rhodesian army, as well as men who probably work for Rhodesian security. At least two people claimed to me that they were deserters.

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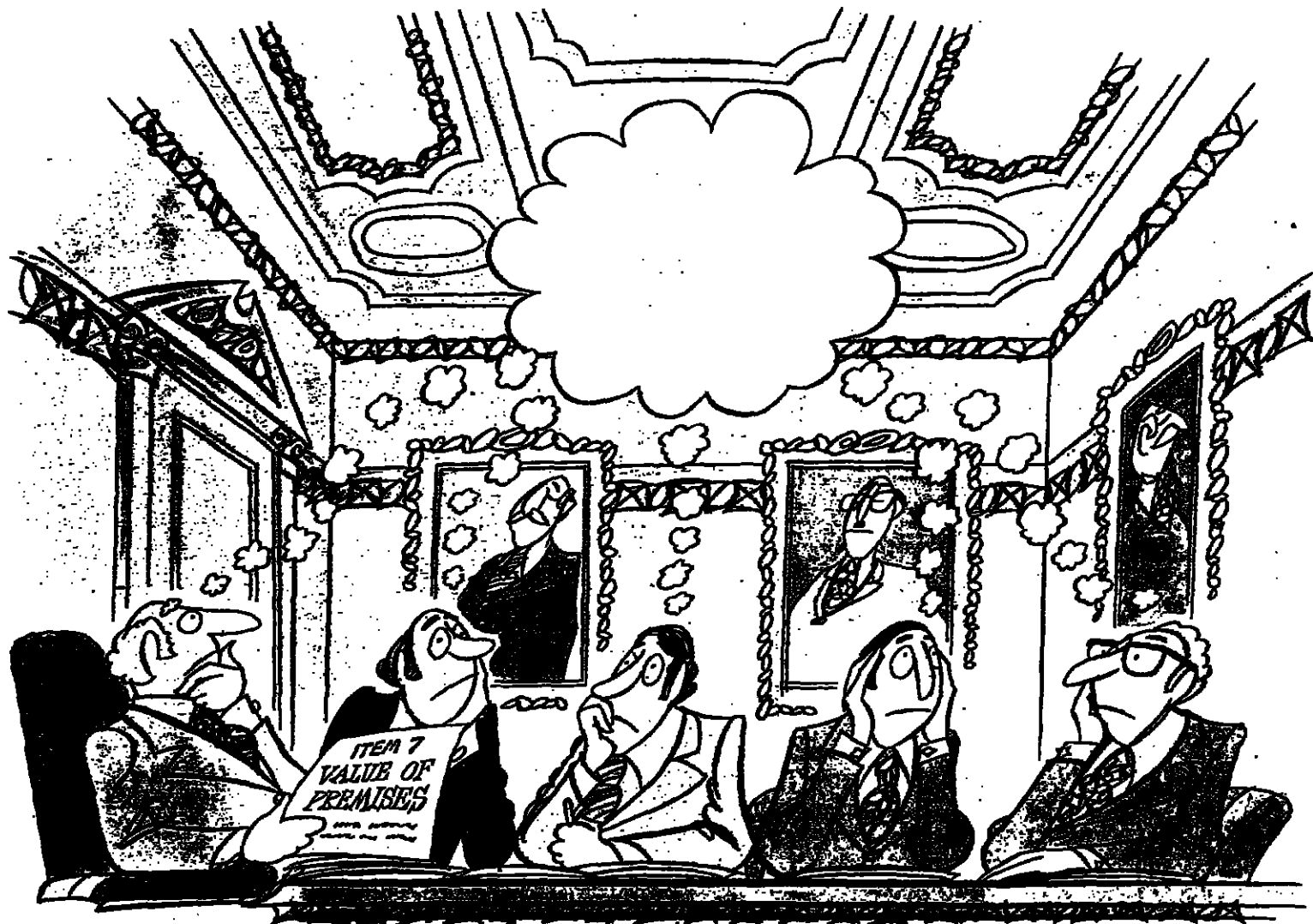
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FARMING AND RAW MATERIALS

Heavy rain hits Soviet cotton

MOSCOW, May 25. MORE THAN 40,000 hectares of cotton have been destroyed by heavy rain in the Soviet central Asian republic of Tajikistan, according to Tass news agency.

But the areas which were washed away by rains during the past six weeks have all been replanted, Tass said.

The most recently published figures show that 265,000 hectares of cotton were grown in Tajikistan in 1974.

Tass said the rains, and to a lesser extent the two earthquakes which have hit the area recently, had also damaged roads, irrigation canals and their "hydrotechnical constructions". These were all being repaired.

There has been no official mention so far of damage to cotton irrigation systems in Uzbekistan. This region took the full force of last week's severe earthquake, which left 10,000 homeless. In 1974, 1,731,000 hectares of cotton were cultivated in Uzbekistan, Reuters.

Buffer stock for tungsten urged

NAIROBI, May 25. BOLIVIA WANTED tungsten included in a common fund should the UN Conference on Trade and Development agree on establishing such a price stabilising scheme this week, Bolivian officials said.

Even if UNCTAD failed to agree on a common fund, the officials said Bolivia would press for a buffer stock of tungsten for world tungsten producers to be held in Brussels in early June. They would try to establish the principle of joint consumer and producer financing for such a stockpile inside an agreement between importers and exporters, Reuters.

PRICE RISE FOR MANGANESE ORE

TOKYO, May 25. The Japanese ferro-alloy industry has reached agreement with representatives of Broken Hill Pty. of Australia on an \$4.50 per cent rise in the price of Australian manganese ore to be shipped to Japan in the 1976 fiscal year, the Japanese Metals and Chemicals Company announced here.

The new price is \$63.20 per tonne FOB, compared with about \$58.20 previously.

The company said the industry had also fixed the volume of Australian manganese ore Japan planned to buy this year. Total volume was smaller than the 800,000 tonnes imported last year.

New levy proposed in bid to boost farm exports

BY PETER BULLEN

BIG OPPORTUNITIES exist for Britain to boost its agricultural exports, a Government advisory committee says in a report released yesterday. But to realise the potential the industry will have to pay a compulsory levy.

"Given a more powerful promotional organisation, and a more certain system of financing, such as the oil-rich countries, there is no reason why a major increase in exports should not be achieved," said Sir Nigel Strutt, chairman of the Minister of Agriculture's advisory council for agriculture and horticulture.

In a report to the Minister, Mr. Fred Peart, the council says substantial opportunities for exports exist, particularly in the EEC and the oil-rich countries. Middle Eastern countries alone are estimated to need at least £150m. worth of agricultural imports over the next five years.

To help expand the export trade, the council suggests the revamping of the British Agricultural Export Council to form a new statutory central promotional body. The BAEC should be expanded and renamed, and should be financed by a compulsory levy charged on the whole industry.

Above all, there is need for an increase in the £70,000 a year, which is spent by the BAEC at present.

The council, which examines many different ways of raising the levy, makes no specific recommendation on this point, although it hints that a very small, "across the board" levy on every section of agriculture and horticulture, plus contributions from major agricultural support industries, such as farm machinery and chemicals manufacturers, would be the fairest.

Pointing to the sums being spent by similar bodies in other countries, some of which amount to several million pounds a year, the council urges that no time be wasted in boosting the BAEC's finances.

"The opportunities exist now and BAEC with its present organisation cannot take them. We are living in a world in which most, if not all, of our competitors are better organised than we are and where most of our customers expect to be able to get in touch with a comprehensive and efficient organisation in the agricultural field.

"This means that BAEC needs a suitable increase in its financial resources now to begin to build up its staff and its operations to the required level as fast as it can."

The Government should do this, either by increasing its present grant (£30,000 out of the BAEC's £70,000 income) immediately or by lending the BAEC the necessary funds on the security of the levy out of which it would be repaid over a number of years.

Mr. Peart yesterday was not prepared to give any early reply to this recommendation. Answering a written question in the Commons, he said the report indicated the scope for further increasing agricultural exports.

The BAEC already does import and export work with limited resources. This report makes a strong case for a more powerful promotional effort by the industry, and I shall now be seeking the views of the industry and others concerned on the recommendations, he said.

Lord Glenkilling, BAEC chairman, welcomed the advisory council's report. What the BAEC had achieved on its ridiculously small resources in recent years had been "absolutely staggering". He wanted a green light from the Government in the next two or three months to begin the vital re-organisation called for in the report.

Over-production and falling demand for milk in the EEC had already led to a build-up of costly surpluses of butter and skimmed milk powder, Mr. Davis said. "As members of the Community, we are at the moment in the salvage business, seeking dumps for foodstuffs we don't need."

If housewives cut back by one pint of milk each a week, it would be equal to a 7 per cent reduction in milk sales country-wide. This would mean a further 1,190,000 gallons of milk to go into butter and cheese production, said Mr. Davis.

Dr. Keith Dexter, director general of the Agricultural Development and Advisory Service, said the competitive strength of the U.K. processing industry depended on the ability of dairy farmers to supply increasing quantities of milk at prices fully competitive with those prevailing in other member states of the EEC.

Some indication of the potential had been given by production results of recent months, showing an increase in output of 3 per cent in the price of national dairy herd 5 per cent smaller than it was a year earlier.

"Greater production and utilisation of grass has enabled more cows to be kept on fewer acres," he said. A typical improvement in stocking density during the last decade had been from 1.5 acres per cow to 1.9 acres—almost 20 per cent. Much of this is due to a greater use of nitrogen on grassland.

Ten years ago, some 70 to 80 units of nitrogen were used per acre of grass on a typical dairy farm. Today, some 150 units were used.

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New surge in cocoa and coffee

By John Edwards

COCOA AND coffee prices surged close to record levels on the London terminal markets yesterday.

On the London Robusta coffee futures market the July position gained \$58 a tonne, to \$1,447.5. The July position on the cocoa market closed \$29.25 a tonne higher, at \$1,134.5, having traded at \$1,143.5 earlier in the day.

In both cases, there was no fresh fundamental news behind the price rises, triggered by renewed trade and speculative buying after the decline in values on Monday.

The upward move, however, was influenced by the shortage of immediately available supplies and the apparent unwillingness of producers to sell at the lower price levels.

World sugar values also closed higher, despite moving down in the morning, when the London daily raw sugar price was cut by \$2 a ton to \$150.

There was little reaction to the forecast by the sugar statisticians, F. O. Licht, of a 1,500,000 tonne rise in the 1975-76 season on August 31. The forecast put production at 82,047,000 tonnes and consumption at 79,555,000.

All three figures—production, consumption and final stocks—show increases, compared with last year, and Licht's first estimate in February, but they are in line with market estimates.

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Tin price rise predicted

SINGAPORE, May 25.

FURTHER RISES in prices of tin and other non-ferrous metals are "very likely" in view of the continuing world economic recovery, according to Mr. Peter de Koning, the International Tin Council's chief economist.

In an interview here with Reuters, he said it was very likely that tin export quotas would be ended at the next ITC meeting in July in view of the economic situation.

Our Commodities Staff writes: Tin prices moved up again on the London Metal Exchange, the three months quotation rising by £24.5 a tonne, to a new record of £5,353.5. The market was buoyed by the very small decline in Penang overnight, despite a much increased turnover.

Copper prices also rose in quiet trading conditions. Cash wirebars closed £15 a tonne up, at £835.5.

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DANISH AGRICULTURE

Stagnation worries a vital industry

BY DAVID FREUD

AFTER TWO decades of steady growth, Danish agriculture is finding itself in unaccustomed difficulties. According to Mr. Pilegaard Larsen, president of the Agricultural Council of Denmark: "The position is becoming a little dangerous."

Overall production—worth about Kr.17bn. (£1.5bn.) in 1975—has been constant during the last three years, and in 1976 there were even some declines in certain sectors. Pigment production, for example, fell by 40,000 tons.

Current capacity is under-utilised and the Agricultural Council estimates that the level of investment in 1975, at Kr.3bn. (£273m.), was barely sufficient to maintain capacity.

The state of the agricultural industry has inevitably repercussions in the Danish economy. The industry exports more than two-thirds of its output in 1974 it brought in Kr.13.6bn. of foreign currency, 28 per cent of total Danish exports.

Although the proportion has fallen since 1960-64, when exports accounted for 49 per cent of the total, the strength of the industry is a vital factor as the country's trade balance rapidly worsens.

The council gives a variety of causes, both internal and external, of the plateau in production. It claims that Danish agriculture has been placed at a disadvantage with its main EEC trading rivals by higher interest rates and taxes and fewer subsidies.

Externally, two of its biggest markets, Italy and the U.K., are contracting. The disparity between ordinary exchange values and the "green" currency used in EEC trading is an added difficulty.

Interest rates are among the highest in Europe at between 15 and 18 per cent. The Dutch is only 5 per cent. The U.K. while there has been some Government and EEC help, the council would like additional

Government guarantees to allow farmers to borrow petrodollars at 8 per cent. Applications for loans from this source have been minimal due to fear of the effect of any future devaluation in the kroner rate against the dollar.

Land and property taxes have been raised, increasing their cost to agriculture by 315 per cent since 1973, and to Kr.68bn. in 1975-76. Land tax now stands at 3 per cent of value, costing a farm of 25 hectares Kr.5,500 (£500) a year. The Danish rate is by far the highest in Europe—double France's and three times Holland's.

Danish farmers claim they receive the lowest national subsidies in the EEC. West German farmers receive a 22 per cent subsidy, according to council figures, French and British 12 per cent and Dutch and Belgian 8 per cent, while in Denmark there is only a 1 per cent subsidy of total production.

On the other hand the Danish watch the recent success of West German agricultural exports with dismay. Many believe the benefits the Germans obtain from a "green" mark, some 10 per cent above the commercial rate, is the secret price Germany is exacting for adherence to the Common Agricultural Policy.

The Danes would like to see the monetary and agricultural aspects of the C.A.P. separated, give the policy a chance to operate. As exporters, they do walk away from the system.

However, Mr. Larsen said: "I am a little afraid for the future for the first time. I can't see any party willing to get on with the building up of the EEC, and the farm policy is the foundation of the policy."

A smoothly working C.A.P. is one prerequisite for a resumption of agricultural growth in Denmark, Mr. Larsen hopes in the "green" mark. "I hope things will change. The U.K. will come up again."

Considerable efforts have been made to open up new markets, especially for pigmeat. Denmark is the largest exporter of pigmeat in the world, with 500,000 pigs sold abroad every year.

There is steady growth in the export of young cattle and sheep, but the market is still far from the largest market in the world. Britain takes 80 per cent of Danish bacon, but on the declining demand has caused a 12 per cent cut in production.

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Denmark to seek curb on shrimp fishing

COPENHAGEN, May 25.

DENMARK will seek the first international agreement on shrimp fishing in the north Atlantic at a meeting between 12 countries in Cuba next month to discuss catch restrictions, a senior Fisheries Ministry official said here.

Mr. W. Ledtegaard said: "Danish efforts will be concentrated on the waters west of Greenland, where are extremely rich in shrimp."

The Greenland authorities and the Fisheries Ministry hoped that, by early restriction of the catch, it will be possible to protect stocks until the new Law of the Sea Convention comes into effect.

The Danish Government wants a 200-mile fishing zone around Greenland and surrounding last year that it would secure the zone unilaterally unless agreement was reached at the Law of the Sea Conference.

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COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground on the London Metal Exchange. Forward metal closed higher in the morning, but fell after covering induced by the higher overnight rise in Comex, but subsequently eased to 235 on proffering. It then rallied.

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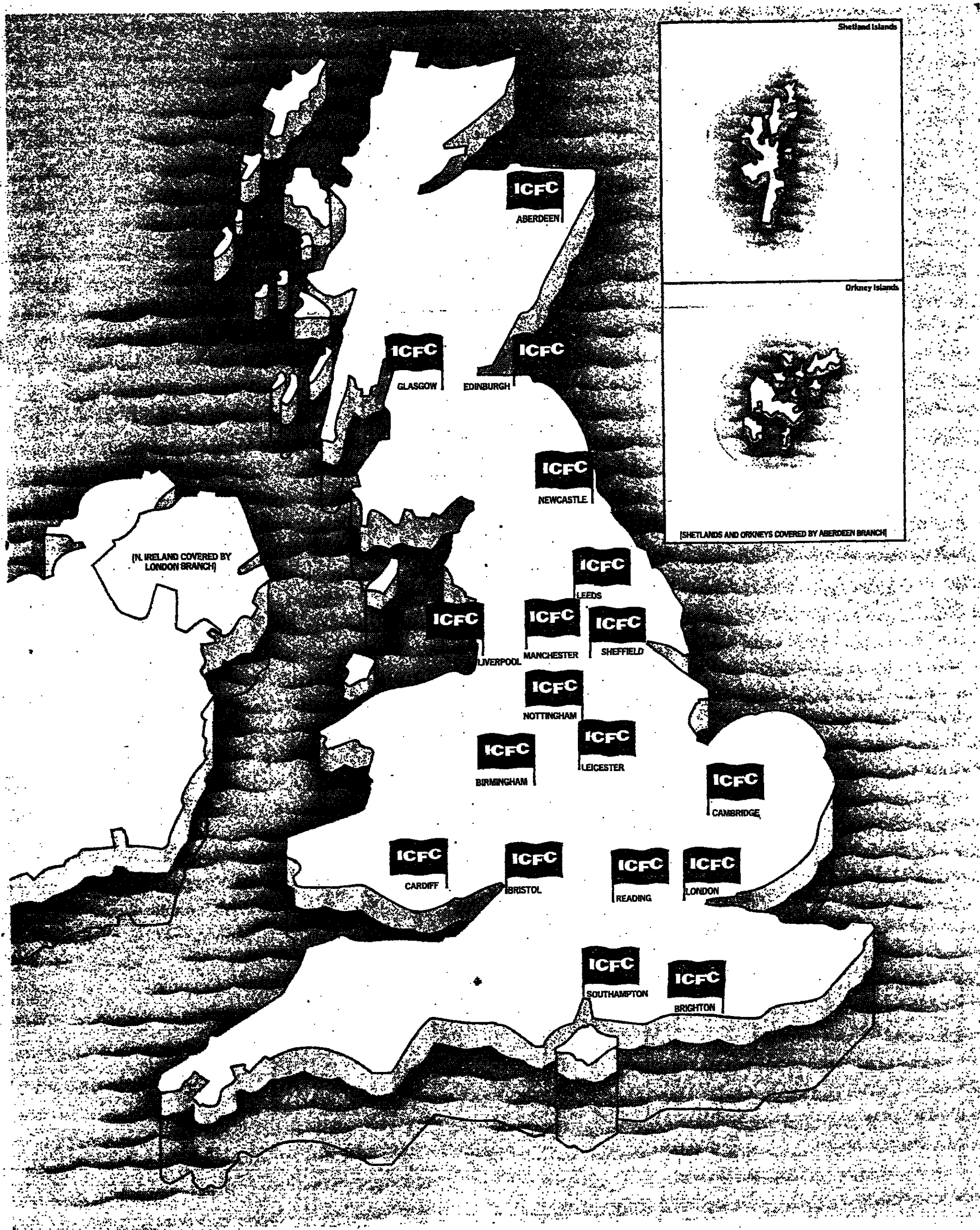
FINANCIAL TIMES SURVEY

Wednesday May 26 1976

Finance for Smaller Companies

A widening network of banks and institutions exists to provide finance for smaller companies. Help is also available from the Government. But there is pressure for a department of state to look after independent businesses, and small companies with new products often face severe problems in raising money.

It's a reassuring sight if you're running your own business.



Men running their own businesses used to get ulcers. Nowadays paranoia's more likely.

Everything's after them: inflation, price controls, soaring overheads, raw material costs, and now Capital Transfer Tax.

But if you're the kind of businessman who has one eye on the future despite the present, there's someone we'd like you to meet: your local ICFC branch manager.

He's in a position to appreciate your product, your track record, your market and your local situation.

He's also in a position to provide equity finance and up to £1 million at fixed interest for periods of from 7 to 20 years.

To give you an idea, he's recently helped businesses get money to buy new plant, to develop their export potential and to prepare for Capital Transfer Tax.

Why not pick up the phone and tell him what you have in mind? Chances are it's only a local call.

ICFC

Long-term money for the smaller business.

FINANCE FOR SMALLER COMPANIES II

Facilities there to be tapped

SMALLER companies often place in a great many cases: have some difficulty in being taken seriously. Overdrafts from the clearing banks are one thing, but gaining access to first class professional advice and obtaining other and more sophisticated forms of financing are another.

The venture or risk capital arms of most merchant banks are not in the business of straight lending at all, and they certainly do not wish to know about the small, non-growth situation even though it may be perfectly sound. Their ideal target is the smallest company—making, say, £50,000 to £100,000 pre-tax with a good growth record and strong management which lends itself to netting the bank a useful rapid expansion.

The ultimate aim is either to float the company off at the appropriate time or to sell it on to a larger company, thereby netting the bank a useful capital gain. Merchant banks are not long-term holders (at least not by choice) and the general view taken is around five years up to a maximum of seven for the investment to mature.

The basic pattern tends to be the same throughout the merchant banking world, though of course there are variations in detail rather than an overall approach. The merchant banks will certainly seek an equity minority stake and they will equally certainly expect to put their own man on the Board or at least reserve the right to do so. They will be looking to invest around £100,000 average, but ideally around £250,000—though they will stoop to £50,000 if growth prospects are particularly exciting.

Clearly, quite a few companies fall into this category, though it must be said that the venture capital operations of most of the banks have diminished—some will not even talk about it. There are a number of reasons for this. First, the merchant banks engaged in venture capital were making numerous investments in the halcyon days of the last bull market in the full expectation that they would mature within the normal five to seven years and that they would be out and on to new situations. This has not taken

place in a great many cases: either because the profit records no longer look attractive to bring the company to the market due to the recession in the U.K., or the simple fact that the level of pre-tax profits is not up to the £1m. mark which is widely regarded as the minimum these days against probably £250,000 before.

The institutions, which would be expected to take up the new issues, are not interested unless they can make a sizeable investment and the stock is sufficiently marketable for them to take their cash out should they so desire. That rules out a lot of companies waiting on the shelf, and means the venture capital outfits are locked in and cannot take on new commitments without a turnover of cash.

There is another reason for the fall in this type of activity, and that is that the attraction of going public is no longer the great goal for the smaller businessman—who needs full exposure to outsiders, worker participation, inflation accounting and the rest? Many businesses are quite content therefore to remain private, so long as the owners are making a sufficiently good living. Why have to sell off part of a thriving business to someone else? Why probably have to suffer interference from an outsider on the Board, and probably get pushed along into things not fully understood and possibly lose the motivation of running the business.

Strongly

The Industrial and Commercial Finance Corporation (ICFC) would argue strongly that these criticisms cannot be levelled at it. Among the merchant banks, of which ICFC is far and away the largest with over 2,300 customers, it is probably the least restrictive. It will lend from £5,000 to £1m. and the form this actually takes will depend on the circumstances. But the ICFC can justifiably claim to be a genuine lender of medium-term finance and prides itself on not interfering with its customers: it has only exercised its right to put a man on the Board of the companies in which it has taken an interest in 4 per cent. of cases. It is also a long-term holder in many instances.

However, it is noticeable even

here from the last accounts that the volume of new projects is slowing down considerably and some time.

Then, of course, there has been the formation of the much publicised Equity Capital for Industry, a new organisation which, it has to be admitted, had to be wrung out of the institutions. Just how it is to operate, and the types of candidates eligible for help will be the decision of the heavy-weight Board and the yet to be appointed chief executive.

And there are other organisations, like Small Business CAN, which currently has 15 investments. This group would claim to be management experts, having all been recruited from industry, rather than financial wizards. It has the backing of the Co-operative Insurance Society and would expect to look at most areas—excluding property or retailing—since the latter would clash with the Co-operative Society's own operations—and the ratio of equity to straight loan would generally be in 1:3 or 1:4 bracket. Customers are found by executives moving around

the country, meeting local solicitors, accountants, insurance brokers, and bankers, and gaining introductions.

Estate Duties Investment Trust (EDITH), which is 41 per cent. owned by the ICFC, is yet another organisation which is of particular help to the smaller businessman heading for Capital Transfer Tax problem. EDITH sets out to be a long-term holder of equity in either private or public companies, where the marketability of the stock is particularly difficult. The Government has made

some effort, having set up a network of Small Firms Information Centres. The staff are not always financial sophisticates, though they serve the very valuable purpose of being able to direct smaller companies towards the relevant people who actually provide the facilities—consultants, clearing banks, merchant banks and local trade associations.

The National Research Development Corporation (NRDC), which backs companies from scratch, should also not be overlooked or underrated: its

function is to convert good ideas into commercial success. Obviously there are gaps in the system, but it would appear that there are more facilities available than are generally realised. Perhaps some of the smaller businesses are not sufficiently publicised, or perhaps the smaller businesses are not sufficiently aware of their existence, or perhaps they are confused by the variety. Either way it must be said that smaller business is being taken more seriously than before.

Keith Lew

ICFC provides finance in small and medium-sized businesses in amounts ranging from £5,000 to £500,000—or occasionally more. Its financial schemes are tailored to the specific requirements of the individual company and may include secured or unsecured loans, preference or ordinary shares, property and equipment loans, and plant purchase are also of its service.

ICFC's rates of interest are at market rates, typically on the low side of the rate and expenses are relatively modest. Rates are fixed for a period of the loan and repayment terms are normally spread over periods of up to 20 years. ICFC was formed in 1945, merged in 1973 with the Finance Corporation for Development, which provides finance for specific activities.

NRDC provides support in parts of the country where companies have long found it hard to raise finance. It can, for example, support the development of new products or services by small companies where they involve innovation rather than straight forward commercial exploitation. In the past NRDC has allowed and supported the development of technically oriented businesses and has also made joint investments with other venture capital organisations. NRDC's normal means of covering its investment is a levy on sales of a small or new business NRDC could seek an equity interest in the business. The influence of the Government on business life is clearly considerable—vast quantities of small company finance are arranged through the Industrial and Commercial Finance Corporation, for example, while in the field of exports, financial assistance—in the form of attractive bank loans—is available through the Council of Small Industries in Rural Areas. This organisation provides technical and managerial assistance as well as financial support as well as financial assistance to companies in rural areas and small towns in England and Wales—advancing loans up to a maximum of £30,000 to organisations employing 20 or more. Other Government sponsored bodies are the National Research Development Corporation (NRDC), which backs companies from scratch, should also not be overlooked or underrated: its

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Starting from scratch

ONE OF the failings of the British, perhaps apocryphal, is that while there is no lack of inventiveness in the nation, the people who wish to go it alone find it extremely difficult to get the necessary financial support. This occasionally gives rise to newspaper articles and television programmes detailing the trials of men with brilliant ideas who run up against walls of indifference, only to fall into the hands of eager foreigners who patent the ideas and export the results back to Britain.

This is by no means an accurate picture but there is no disguising the fact that it is extremely difficult to start from scratch with a "green field" idea and that the path is much smoother if one already has an existing business. People who want to go it alone generally have to shoulder a proportion of the risk themselves, for who ever lends them money will usually want to see the principals in a scheme involved up to the neck.

But apart from the obvious ports of call such as the friendly bank manager, there are other routes which may provide backing. One such is the National Research Development Corporation, which was set up in 1949 as a public corporation and can borrow up to £50m. from the Government to invest in high-risk technological inventions which would not normally warrant investment from conventional sources of finance. It one in middle management of is worth pointing out, however, a large company decides that that two-thirds of the investment can market a product with some derived from sources a relatively limited scope which wholly supported by public the large company decides it funds (such as the research uncommercial or too small to be established) of the various Ministries) and the number of inventions accepted from private inventors so far has been small.

The latter have accounted for some major development projects of the NRDC, but it is clear that NRDC finds it easier to deal with a development proposal from a well-established company than from a young man who is a private inventor. On the other hand it is always very interesting to meet the private inventor and have the facilities to evaluate whether his project is any good or not. These cover technical and commercial investigations, plus an assessment of the competence of a proposed team.

What the individual should be aware of, however, is that

the NRDC is not in business to provide working capital for inventors who wish to make a fortune on their own. Its primary function is to provide development finance and this is increasingly undertaken on the joint venture principle with industry. It is also out to balance its books rather than to make a profit, and although it might take a temporary equity stake in a company in a start-up situation, this would normally be to give the company some status in its early stages and the company could always buy back again.

Continued on next page

Dawnay Day Merchant Bankers

Comprehensive Banking Services
Development Capital
Industrial Loans
Investment Management
Mergers and Acquisitions

FINANCE FOR SMALLER COMPANIES III

More scope for bank managers

CLEARING banks were taken aback recently when they were subjected to a stiff criticism by Mr. John O. who five years ago led the special committee to inquire into the finance of small companies. He argued earlier that, though the banks are the main source of finance for this sector of industry, they are still not doing enough. In particular, he maintained, the limits allowed by the banks for their initiative and authority in the local branch manager's hands are not doing enough. The changes have included a significant extension of the range of lending facilities

importance these hold in relation to small company finance. The original Bolton Committee report recognised that the big banks had a unique position in relation to the small company. For many small companies the overdraft and loan facilities provided by the clearing banks are the only source of substantial finance open to them, or at least the only one they use on a regular basis. The banks, however, argue that they have recognised this situation in the development over the past few years of their services to the small company sector. The changes have included a significant extension of the range of lending facilities

available and of the advisory and other back-up services. In the nature of this kind of development, it has involved a greater use of specialist advisers, in some instances identified as a separate entity within the bank organisation. But the functions of the branch manager have remained central to the services offered. The development of lending and services to the small companies has taken place in recent years against the background of considerable moves in the general climate of lending to industry at large. Demand for bank finance has recently been very sluggish—the latest figures of lending by the clearing banks showed the first sign of a significant upturn in the underlying trend in some 18 months.

Condition

This situation in turn has reflected the considerable change in the financial condition of the company sector as a whole. But while the position at present appears relatively comfortable, there remains a general concern about the need to provide more effective means to bring medium-term finance to industry and about the possibility, as economic recovery gathers pace, that companies will again find themselves under financial pressure. The initial impetus for some

vestment and at present the draft finance, available on the basis of short-term interest rates, should not be used to finance longer term investments or even, as must be the case in many companies, effectively to provide permanent capital. It is also, however, a reflection of the growth in the range of lending services the banks are able to offer. Overdraft finance remains normally among the cheapest and most flexible. After the increases this week base rates now stand at 10½ or 11 per cent. On this basis small companies would probably be able to borrow at 12½-15 per cent. The ability to arrange a limit with the manager which can be drawn on as needed makes this one of the most useful types of finance available. It is suitable particularly for the finance of working capital requirements and for seasonal needs.

When credit is relatively tight, there is some evidence that the smaller companies suffer most seriously both from pressure from their trade creditors and from cutbacks in lending by the banks themselves. The smaller company tends to be exceptionally reliant on its bank for funds and, historically, to make particularly heavy use of the overdraft facility.

One of the areas to which the banks have been devoting a considerable amount of effort is to bring home to their small company customers the wide range of lending and other services which they now provide. This is part of the emphasis on expanding medium-term lending as a replacement for overdrafts. The banks point out that over-

This is reflected in the rate they charge for their loans.

For smaller companies, however, banks normally offer fixed rate loans, usually for five years and for amounts up to, say, £50,000, repayable on an agreed basis by equal monthly instalments. Development loans of this type have the advantage of enabling the borrower to predict exactly his commitments and the effect they will have on his cash flow. Loans of this type may be offered on a secured or unsecured basis; the rate charged typically at one of the big banks is at present a little over 14 per cent. a year for a secured loan, with rather higher rates for unsecured.

Beyond this, all the big four banks have their own instalment credit subsidiaries, able to provide hire purchase and leasing arrangements for the financing of equipment and in some cases stocks. Within the bank groups, therefore, there is available a wide range of financing facilities to suit most of the needs of the small company. The problem which the banks have recognised, however, is to bring these to the borrower and particularly to ensure that the type of finance used is suitable for his needs.

The development of financial advisory services by the banks, either through separately organised divisions or by the provision of specialist support for managers, is one of the most important areas in which they should be able to help the smaller company. Quite often, experience has shown, a company lacking financial expertise can misjudge its own financial requirements. It may need a bigger or sometimes a smaller overdraft than it thinks; it may require some quite different form of finance. There are signs now that the development of this service may be taking new directions, involving bringing in other institutions to back up the loans provided by the banks. In particular, this could involve co-operation between the banks and the big insurance companies and pension funds to bring new equity capital into the private companies. Recognising that they are not in a position to put equity funds into a customer, the banks are now beginning to consider introducing their small company clients to individual institutions which may be able to put up the right kind of long-term funds. In the long run, this could mean that instead of the traditional offer for sale through which private companies have in the past gone public, the trend will be towards private placing of equity capital with groups of institutions with the bank acting as the catalyst to bring the company and the investor together.

Michael Blanden

The merger trail

SPECTRE haunting a number of small businesses is taxation: Capital Gains Tax, Wealth Tax, Capital Gains Tax and the Tax, probably in ending order of horror. In particular is a real threat to the existence of a lot of private companies and the fact that a number of them have a number of motives: they can try to as they are and pay the they can sell off part of equity to someone like its Duties Investment Trust (DIT), the trust 41 per cent. by the Industrial and Commercial Finance Corporation (ICFC) which specialises in long-term holding of public and private companies; can sell part of the equity a merchant bank with the aim of coming to the Market by a flotation and possibly a lot of independence; or they can be taken over and time to exist within a group.

an increasing number of companies the latter is the most palatable. Consider the plight of a small businessman. If a private company has not a dividend, is making a profit and has cash in hand, the Revenue deems that up one half of the after-tax profit has been paid to shareholders in dividends; thus if a company is earning £100,000 before tax, pays corporation tax 25 per cent., the tax authorities can claim that the owners received "dividends" of £75,000—and that creates quite a tax problem. The point is to tax the dividend as earned income in the hands of the private company shareholders.

Against this background the business is picking up nicely after the slump of 75. According to Chesham, which has been active in mergers and has transacted as much as in the first five months of 1976 than they did in the first five months of 1974 and is comfortable ahead of last year. A great public companies which had rights issues are now looking around for the bits and pieces in the sector, and the latter, they have a tax problem often agreeable. Thus is a willing buyer/willing climate. The situation is probably helped by the fact that under conditions at least it is possible for smaller companies to come to the stock market by way of flotation. However, it would be wrong

to give the impression that there is some sort of merger mania. Far from it, according to Chesham who says that the process of selection on the part of buyers is far more stringent than ever before and that the requirements are more rigid. This has been the experience, too, of the corporate finance departments of the merchant banks. The financial aspects of deals are now only part of the equation whereas before, in the sixties and early seventies, the trend was to buy anything that moves even if it does not fit in with the existing activities of the company. Research into the quality of management and industrial logic is evidently far more detailed and deals are taking that much longer to mature.

The ideal situation at the moment would appear to be the medium-sized public company, flush with cash, looking for a private group operating in its own field of activity, with good management and possibly short of cash. Trade investments of this kind are particularly beneficial, since where a company can be bought, say, for £1m., quite often the value of replacement plant alone in that company may be double the purchase price. And in addition to that there are bound to be some savings on overheads and administration, especially since the nature of the business is the same.

The trend with some public companies has been quite the reverse of that seen in the boom era in that they are quietly selling off the smaller bits and pieces that have never really fitted in with the overall nature of the group even though they may have been quite profitable. But where there are diversifications in the private and public sector it is generally where the acquired company has either strong exports and/or overseas earnings.

Chesham reports merger activity on all fronts picking up; between private companies, between private and public and all the other permutations. There is also some interest being shown in U.K. companies by the Germans, Dutch and Belgians and also by Americans although this is generally where a U.S. group already has U.K. interests.

Overall the trend is more sedate, more carefully planned and executed. On the small private side it is inevitable that the merger business will continue to grow so long as the taxation remains the same, and for the time being anyway there is no shortage of buyers.

Keith Lewis

crutch

CONTINUED FROM PREVIOUS PAGE

prise is the Small Business Capital Fund, which is led by the Co-operative Finance Society and has a portfolio of 18 companies worth a total investment of £5m. After seven years of operation this does not seem a deal but for the first years it had to establish itself and then the recession took its toll. However, the fund is willing to back start-up companies and has backed four so far—though it recognises that the risk element is greater than for an established business.

one example it quotes is a 56-year-old man who after a career in the record business wanted to start up, on his own, a company to put up 10 and, impressed by his own success, the SBCF lent him £100 to get a factory going; an equity stake and a loan in the form of a debenture. At the end of the first year he had made a profit of £140,000, which was counted as a success. It is willing to back people in service industries as well as those with technological innovations. another risk capital com-

Christopher Hill

How to give your finance controller a new lease of life



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FINANCE FOR SMALLER COMPANIES IV

Dressing up to go public

AFTER a dearth of new issues in London for over two and a half years, starting from the collapse of the equity market during 1974, it may seem irrelevant to talk of companies coming to the market with offers for sale. However, even though a revival in the issue market has been mooted time and time again since the market started to recover at the beginning of last year, it does now look like at least a few issues will be creeping into the market.

Admittedly there was an offer by Electra Investment Trust of 12.5m. shares in mid-February, but this was a special case in that the Electra group of trusts was a known quantity before the offer and it could not really be described as "testing the market," though some 30 per cent. was left with the underwriters. Anyway, the first large equity offer looks like being Thomas Borthwick next July, with an offer for sale expected to raise between £10m. and £12m., though a much smaller issue by Wilson Walton Engineering of £0.8m. can claim to be first. If these can successfully test the market and come up trumps, undoubtedly more companies will follow in their footsteps, and the way could be open again for smaller ventures to reach the milestone of a public quote.

Yet whether a revival of activity will follow may depend on the psychological effect of the last bear market, which must have disillusioned the directors of many small companies. But basically the reasons for obtaining a quotation have not changed. There is the rather intangible argument that one generation to the next. Once a quoted company gains added

status which rubs off on its trading activities and ability to attract first-class executives, but perhaps more relevant is that by definition once quoted the shares in the company can be dealt in easily.

The need for the proprietors to raise cash on a portion of their holding may be the initial spur towards a quote or perhaps the need to raise fresh capital to inject funds into the business. The initial offer apart, once a quotation has been established the London capital market is more readily accessible for the group to raise further funds in the future. This may be by way of convertible or debenture issues, or perhaps by issuing further shares by way of placings or by rights issues such as those which have raised £1.86bn. over the past 18 months.

Furthermore, if it is part of the company's plan to expand by way of acquisition a public quote can be invaluable, as it enables the directors to offer marketable securities by way of consideration for a takeover. Not only does this lessen the strain on cash resources; it increases the market in the shares, and the larger the market the less vulnerable is the share price to wide fluctuations which often occur in a narrow market.

Of course, these "traditional" reasons apart, new laws—namely Capital Transfer Tax (CTT) which is already with us, and the still debated Wealth Tax—could make all the difference to proprietors of unquoted companies. It would seem that when CTT begins to bite it will force more companies to come to the market because of the difficulty in passing a business on from one generation to the next. Once a quoted company gains added

status which rubs off on its trading activities and ability to attract first-class executives, but perhaps more relevant is that by definition once quoted the shares in the company can be dealt in easily.

On the other hand it may be that the Wealth Tax, once it comes into being, will act as a deterrent. Proprietors of a business may feel that they will stand a better chance of applying a lower valuation to their business by staying unquoted, than face the unarguable valuation that a market quote will give.

There are some disadvantages for the proprietors in taking their company to the market. For a start the company, once quoted, the directors become responsible to a much wider group of shareholders, whose needs must take priority. In addition, from then on the group must conform rigidly to the requirements of the Stock Exchange as set out in the publication Admission of Securities to Listing. The company will have to conform to the provisions of the Takeover Code, and generally once quoted a company is open to far reaching scrutiny by City institutions and the Press.

Careful

Directors will also have to be more careful about disclosure and be sure not to divulge any information (unless widely to the market) which could be price sensitive. This may require a considerable tightening-up of internal security. Finally, directors need to be careful how they deal in their own shares, to avoid rumours and tarnishing of the management's image. Having taken the decision to go public, the method of the issue must in part be governed by whether new capital is re-

quired for the business. If so, an offer for sale will be the natural course, and indeed the Stock Exchange will probably insist upon it for a company which is expected to have a market capitalisation of over £1m.—the minimum expected capitalisation before a quote would be granted is £5m.

In an offer for sale the issuing house or sponsoring broker either buys the shares from the proprietors or subscribes for new shares, a few days before the actual offer to the public, and then arranges underwriting. On the day of issue a prospectus invites members of the public to buy shares at a certain price. Because the issue is underwritten the company is assured of receiving its full consideration for the issue regardless of whether the offer is a flop or roaring success. There is a variation on this theme in the offer for sale by tender, but this form of issue is not generally used for equity offers.

A placing in the market can be considered where the market capitalisation is expected to be small. Here there is no general invitation to the public to buy shares, but the issuing house or broker "places" the shares with institutions or clients. For new companies to the market the Exchange insists that a quarter of the shares are made available, in order that dealings can take place with reasonable ease.

The third method of gaining a quote is by an introduction. This only applies where there is a wide spread of existing shareholders. In this case, a prospectus will have to be prepared, but there is no invitation to the public to subscribe for shares, though the Stock Exchange will usually require assurance that sufficient shares will be available to create a

market after the listing. Generally speaking in both cases of offers for sale or placings it is normal for the Stock Exchange to require that at least 35 per cent. of the capital is available to the public, which takes the company concerned out of the "close" company bracket.

The goal of going public is ideally should be built into corporate objectives for several years before the company actually emerges with an offer, for a certain amount of "win-dow dressing" is necessary. The company's record should be im-

Terry Gam

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The leading sources of venture capital

THE PROVIDERS OF equity finance for small companies, just like the clearing banks, are still waiting for a turn in the economic climate. Last year's bout of inflation and increasing pressure on industrial liquidity has produced very little in the way of new business. This came as something of a surprise to the agencies involved, many of which had set aside funds to meet a potential flood of requests which never materialised. And despite the evidence of mounting insolvencies among smaller companies, few of these agencies' investments turned sour and a fair number had a record year.

What in fact had happened was that the combination of tax relief on stock appreciation introduced in November, 1974, and the effects on working capital of the fall in activity had temporarily deflected the much-vaunted "Doomsday machine." The specialist providers of finance, including the vaguely-termed "venture capital" sources, are not expecting a sudden upturn in the coming year either. However, when an increase in the rate of activity combines with the present trend of hardening commodity prices, small companies are bound to

be on the hunt again for sources of permanent capital. The best known sources of permanent finance for small companies are the ICFC, Charterhouse and Gresham Trust, and a number of venture capital subsidiaries of merchant and clearing banks. A further source is the Small Business Capital Fund, backed by the Co-operative Insurance Society where John Bolton, of report fame, is putting theory into practice.

Famous

The Macmillan Gap, christened in 1931 by the Macmillan Committee, has become the most famous of all gaps in the capital market. What the committee had in mind was those small companies whose capital requirements fell into the no man's land between clearing bank facilities, the normal source of external finance for the growing small concern, and the minimum economic size of a public issue on the Stock Exchange. By the time of the Bolton Committee report in 1971, this gap had allegedly been closed, but the information of the ICFC in 1945 was not thought

to be the sole factor behind this. Among other reasons, the growth in finance house term loans and instalment credit in small amounts, the development of leasing and factoring, new term loans offered by the clearing banks and the development of venture capital subsidiaries by merchant and clearing banks were said to be important factors.

All this may well be true, and no self-respecting advisor would recommend anything other than a "mix" of financial facilities. But there comes a time when a small firm requires more permanent capital. An upturn in the economy could find many such without an adequate capital base and the introduction of CTT threatens to break up even those firms that have. For these two reasons, some extra demand for equity finance from the smaller company could emerge towards the end of 1976.

ICFC is of course the leading private sector source of finance for the small business and since its formation in 1945 has invested more than £400m. to over 4,000 companies. Amounts provided range from as little as £5,000 to £1m. and more. Through its 18 branches in the U.K., ICFC stands to provide an extensive range of financial services in the form of loans, shares or specific asset financing. Although its aims are similar to those of Charterhouse, Gresham Trust and others, in that it is prepared to stay with its investments, living off a combination of interest and dividend payments, there are some marked differences. In the first place, long-term loan finance tends to predominate. This is due to the way in which ICFC itself raises money through debentures and loans. At March 31, 1975, almost half of its outstanding financial facilities were in the form of debentures of unsecured, and secured loans with equity, both preferred and ordinary, accounting for just over a quarter.

A further difference in approach stems from ICFC's policy of non-interference in the day-to-day management of customer companies. Only about 4 per cent. of the companies in which ICFC holds an investment have an ICFC nominee on the Board. Instead the group prefers to use its extensive branch network as the normal channel of liaison between the company and ICFC. In this sense, the ICFC could be seen rather as a market intermediary and exponent of financial services than a "nursery" where budding growth companies can flourish, although the latter is not of course ruled out.

Charterhouse Development, a further difference in approach stems from ICFC's policy of non-interference in the day-to-day management of customer companies. Only about 4 per cent. of the companies in which ICFC holds an investment have an ICFC nominee on the Board. Instead the group prefers to use its extensive branch network as the normal channel of liaison between the company and ICFC. In this sense, the ICFC could be seen rather as a market intermediary and exponent of financial services than a "nursery" where budding growth companies can flourish, although the latter is not of course ruled out.

part of the publicly quoted Charterhouse Group, has been a provider of minority finance for small companies for over 40 years, and has a portfolio of 50-odd investments in the U.K. and overseas. Last year it made only two new investments. However, in a significant move last month, the company closed the door to new entrants for Charterhouse Development and announced the formation of Charterhouse Capital. The idea is to bring some institutional muscle into the provision of finance for the smaller company, and will involve the raising of almost £10m. of funds.

In the Charterhouse view, the Macmillan Gap, at least as far as equity capital is concerned, has not yet been fully bridged. The minimum economic size of flotation is as much of a constraint as it ever was and institutional investors have also not gained sufficient experience of investment in small private companies.

The present management of Charterhouse Development will oversee the affairs of the new fund on the same criteria as in the past, which are mainly those of good management skills in the company, a promising product (though rarely "start-up situations" because they are too speculative) and a substantial personal shareholding on the part of the existing management.

Expanding

The approach of the Gresham Trust is similar with its portfolio of 62 investments over the past ten years. Here too, a director is invariably appointed to the board and investment is in the form of equity. Both see their role as meeting the needs of expanding companies without depriving them of control and providing a market for the sale of shares to meet among other things, CTT and other taxes.

Recent weeks have seen the formation of yet another source of equity finance, Equity Capital for Industry, after protracted debate among the institutional providers of finance. Charterhouse's new fund might be a good example of where the problems in gaining agreement stem from. Here at least there is an established record of investment and management experience with well publicised criteria for investment. One result of the debate of ECI may at least be that the institutions will start to take the problems of the small company rather more seriously than before.

Terry Wilkinson

FINANCE FOR SMALLER COMPANIES V

A major new channel

LE PROSPERING large backing will fail to obtain it from some sources in the gamut of the financial industry's range of institutions. In addition to the same opportunity is not the stock market for rights and loan stock issues, these include among institutional critics, at least the minimum £30m. required for a go-ahead will be put up.

Thus the next few weeks should see the start of activity by this important and controversial body, about whose mode of operation and selection of investments a good deal remains to be clarified. In particular, the City will be watching closely to see whether the new concern can identify companies with fair enough prospects to merit backing but which are still unable to obtain it anywhere else.

Unquoted

Gresham Trust, Estate Duties Investment Trust and Charterhouse Group are among other banking and financial concerns which invest in small companies. Some insurance groups, investment and unit trusts also make certain unquoted investments.

However, considerable as is the existing range of institutions interested in long-term holdings in small businesses, the impending birth of Equity Capital for Industry marks a key new development. It is unique, as is shown by several doubts which regard Equity Capital as unnecessary and will support it.

Even Equity Capital's existence must remain, in principle, slightly in doubt until June 21,

when the offer to institutions to take up the £50m. of its own capital closes. But there is little real doubt that, despite some probable abstentions among institutional critics, at least the minimum £30m. required for a go-ahead will be put up.

Thus the next few weeks should see the start of activity by this important and controversial body, about whose mode of operation and selection of investments a good deal remains to be clarified. In particular, the City will be watching closely to see whether the new concern can identify companies with fair enough prospects to merit backing but which are still unable to obtain it anywhere else.

Lord Plowden, the industrialist who is to be Equity Capital's chairman, has summed up its role as to be "a specialised source of equity capital for companies whose requirements, for one reason or another, cannot be met by the existing established institutions."

He has also made it clear that the new venture will not back lame ducks but only enterprises with sound prospects promising a commercial return on the investment in the medium or longer term. At the £50m. resources may go into some time, he has recognised one company. While smaller than many of the investments made may not, for a time, earn an adequate yield. The City would probably expect businesses with lesser requirements, Equity Capital scheme made for the point that some of its investments ought to show an immediate return to make up for a good deal of Equity Capital's activity may take the form of financial "packages" jointly

could step in are cases where companies are too heavily indebted and cannot raise enough through a rights issue to redress the position; where a recent poor trading record would make it impossible to underwrite a rights issue, though the outlook is satisfactory; or where a rights issue is ruled out for technical reasons, such as that the shares are quoted below their par value.

Experience

Beyond this, only experience can show exactly in what situations Equity Capital will participate. But the signs are that it will be ready to back either quoted or unquoted companies, which suggests that the cases it will consider may vary considerably in size. There are also indications that it will not be particularly keen to make very small investments, regarding these as more suitable for not be met by the existing ICFC or other institutions.

Lord Plowden has remarked that investments of some £1m. may be typical of Equity Capital, though the size may range up to a maximum of £5m. a limit set by the rule that not more than 10 per cent of the £50m. resources may go into one company. While smaller than many of the investments made may not, for a time, earn an adequate yield. The City would probably expect businesses with lesser requirements, Equity Capital scheme made for the point that some of its investments ought to show an immediate return to make up for a good deal of Equity Capital's activity may take the form of financial "packages" jointly

In the early stages at least, a good deal of Equity Capital's activity may take the form of financial "packages" jointly

with FFI. Thus, FFI, which is aiming to provide £1bn. of medium-term loans to industry, while Equity Capital subscribed for shares in the recipient concern. In this way, a great deal of experience of particular situations commanded by FFI—which works closely with the bankers to individual borrowing companies—would be linked with Equity Capital's own expertise in vetting applications.

One novel feature of the Equity Capital venture is that it will in effect allow all the shareholding institutions to play a part jointly through this new organisation in directly backing companies, particularly those with what it is hoped are only short-term problems over normal financing, in addition to buying shares through the stock market.

Then there is Estates Duties Investment Trust (Edith), an FFI associate which has for some 25 years existed to take share stakes in family and other businesses to assist the principal owners to continue unhampered by inheritance and death duty problems. It is characteristic of Edith that it is prepared to hold the interests indefinitely, and does not normally press to realise holdings, either through flotation of a company or otherwise.

Its usefulness has certainly not been lessened by the new development of succession duty arrangements under Capital Transfer Tax.

Among other concerns specialising in the backing of smaller companies is Gresham Trust, a subsidiary of Gresham Investment Trust, which takes interests of up to a third or so in several companies, with which it maintains close touch. Some are fixed up through its office in Birmingham, close to the West Midlands conurbation.

Charterhouse Group has also traditionally held a substantial portfolio of minority equity holdings in private businesses and now has around fifty such investments on its books. The activity dates back forty years to the time when the Macmillan Committee identified a "gap" in arrangements for financing smaller companies which bodies like ICFC and Charterhouse have since contributed towards closing. Some of the Charterhouse investments are sold from time to time, the aim being to realise a profit; in other cases the companies in question may, in normal market conditions, sometimes be launched through public flotations of the shares.

Outside the banking field, certain other institutions hold a limited part of their resources in share stakes in small quoted or unquoted companies. For instance, M. and G., the large unit trust group, has a modest part of its total portfolio in investments in private businesses in various regions of the country. Less than 5 per cent. of all its funds are deployed in this way, however, and certain of its trusts exclude investments of this kind.

Britannic Assurance, the Birmingham-based life assurance group which has close knowledge of nearby West Midlands industry, also has a number of shareholdings in small quoted companies and a few, representing a very small proportion of its assets, in unquoted ones, too.

Margaret Reid

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What is not highlighted in the trading overseas how expensive these can be. Large companies are equipped to cover such but for small companies three abortive overseas transactions can mean a disaster. In a company trades overseas to deal not only with the form of business risk but by the customer and which is usually prevalent a more virtuous form, to accept a whole range of risks which a company seeking for the first time is rather unreal.

Hazards

First of these political hazards is expropriation of assets, includes the obvious risk of nationalisation and this. Certain governments are taking measures which can result in loss of control or the arising from an overseas investment. Second political risk is war damage. This can arise from war between two or from revolution

to run the risk of big losses which small companies cannot carry.

So what can those small companies do if they wish to expand their sales overseas? The first is to consult with the experts in overseas trade so that the snafus and pitfalls can be at least recognised if not avoided. There are several sources of information—the clearing, merchant and overseas banks, Government departments and organisations such as the British Overseas Trade Board.

The second action is to take out the appropriate credit and political risk insurance. The leader in this field is the Exports Credits Guarantee Department (ECGD)—an independent Government department within the responsibility of the Secretary of State for Trade. But there is also a very strong private insurance sector providing credit and political risk cover.

Burden

The main facilities offered by the ECGD provide insurance to the U.K. exporter against the risk of not being paid for his goods or services—an essential requirement for a small company. Cover not only includes the risk of the buyer going insolvent, but also takes in the failure of the buyer to pay within six months of the due date for the goods accepted or the services rendered. Delay in payment can be very expensive and put a financial burden on a small company that it cannot carry.

This risk also includes that of cover for the buyer's failure or refusal to accept goods dispatched, unless the refusal arises from a breach of contract by the U.K. company. However,

the operation of this particular cover will only apply if ECGD is satisfied that no useful purpose would be served by pursuing the buyer through legal proceedings. The company has to accept the first 20 per cent. of the loss, but insurance against such a risk is nevertheless needed by the small company.

The second aid to exporters offered by the ECGD is the provision of access to favourable interest rates for export finance and of support for bank loans made direct to overseas buyers for capital goods contracts, thus enabling the U.K. company to be paid in cash terms.

The financing of overseas operations by banks is usually related to a particular shipment of goods or provision of services or on accepted bills, though it can be on an open account. Small companies may have difficulty in finding the security to cover the bank advances and here the ECGD can play an important role. The insurance policy can be assigned to the bank as additional collateral, but often the knowledge that the company has taken out insurance covering the main risks of non-payment is sufficient for the bank.

But the ECGD can also help directly in the financing by providing a bank guarantee. Under this, the ECGD is often prepared to issue, in respect of companies holding its insurance policies, a 100 per cent. guarantee of repayment of advances direct to the bank. With such a guarantee, the bank provides the finance at specially favourable rates, since it does not need to protect itself against the risk of default and increase the interest rate. For credit up to two years, the rate is one-half per cent. above base rate.

Where the credit period is over two years, ECGD may be able to provide the company's bank with a specific bank guarantee related to individual contracts. Again with such an unconditional guarantee of repayment from ECGD, the bank will advance finance at special low fixed interest export rates. Should companies decide to hold assets in countries overseas, the ECGD can provide political risk insurance on all new projects to cover expropriation and war damage. This can include both the loss of the assets and the loss of profits or earnings generated by those assets. Often the most effective way of expanding sales or protecting a trading position in an overseas market is to invest in production or the service facilities directly in the country. The cover provided by ECGD can minimise the risk of such ventures.

The Department is available to insure all U.K. companies operating overseas. The latest figures available show that of the 10,000 or more customers using the facilities, half were small companies with annual exports of less than £50,000. The purpose of ECGD is to ensure that the company gets its money on time and cover is given on a world-wide basis—Rhodesia being the only exception. Its services to small companies are essential.

Eric Short

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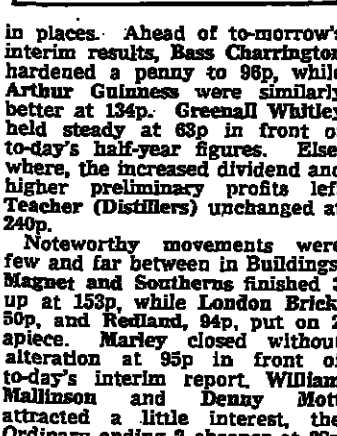
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Technical rally in stock markets as sellers hold off Gilts harder and share index up 1.6 at 399.0 in slow trade

on hopes of a higher bid from Sun Life or a counter-offer from Kuwaiti interests. After Monday's reaction of 4 1/2 on adverse Press comment regarding the Welfare Insurance bid approach, Kellogg and Henderson picked up 4 to 8 1/2 on renewed speculative interest. Waite and Son, after rising 5 1/2 Monday, responded to the recommended 90p cash offer from Farquhar zone with a fresh improvement to 2 to 87p. Awaiting news of the bid approaches, Forum Property



Organisation, however, were out-
standing at 233p, up 6. Associated
and gained 3 at 101p, but News Inter-
national cheapened 3 to 155p.

Artagen higher

Property leaders were inclining
to harden in very thin trading
before the market closed. The
results were mixed. The 1000 shares
closed a penny firmer at 60p
while English Property was
improved 10 to 44p, and
Town and City Properties closed
fractionally better at 14p. Else-
where, Artagen rose 2 more to 35p
on hopes of a slight increase in
offer of counter-offer from
Kuwait interests. After Monday's
reaction of 44 on adverse price
movement picked the Walls
Insurance and Investment
Henderson group up 4 to 87p
on renewed speculative interest.
Watts and Son, after rising 3
Monday, responded to the recom-
mendation from the Finance
zone with a fresh improvement:
2 to 57p. Awaiting news of the
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These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

ACTIVE STOCKS

Stock	Denomina- tion	No. marks	Closing price (p)	Change on day	1976 high	1976 low
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ICI	£1	10	354	+ 2	402	378
Shell Transport	25p	10	455	- 1	462	325
BP	£1	10	675	- 1	685	375
CPC	25p	8	161	+ 1	168	142
Lloyds Bank	£1	8	232	+ 7	265	210
Marks & Spencer	25p	8	95	+ 1	108	87
P & O Defd.	£1	8	109	+ 2	119	88
Aust. & NZ Bkg.	Nil/pd.	7	115 ^a	—	124 ^a	113 ^a
Beecham	25p	7	377	- 1	380	339
Bowater	£1	7	212	+ 1	230	175
Burmah Oil	£1	7	44	+ 1	53	31
Dunlop	50p	7	84	- 1	98	59
Hawker Siddeley	£1	7	248	+ 2	260	254
Midland Bank	£1	7	285	+ 2	320	264

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 153(1) (e).
^a Premium.

OPTION Report—3-month Call rates

Option	Dealing Dates	Intereuropean	Properties
First Last	Last For	Burmah Oil, Town and City	Fisheries, London, British
Deal-Declara-	Settle-	Beocham, ICI, Head Wrightson	Slater Walker and Robb Caledon
ings tion mem		while "doubles" were arranged	in Burmah Oil, Town and City
May 25 Jun. 8 Aug. 19 Sep. 1		British Land and Berrill Tin.	
Jun. 9 Jun. 21 Sep. 2 Sep. 14			
Jun. 22 Jun. 5 Sep. 16 Sep. 28			
"Calls" were done in	Lombre,		

MONEY MARKET

Large assistance

Bank of England Minimums
 Lending Rate 1½ per cent.
 (since May 31, 1976)

The supply of day-to-day credit was not quite as tight as first expected in the London money market yesterday, but the authorities gave assistance by buying a large amount of Treasury bills from the discount houses. Banks unexpectedly exceeded revenue payments to the Exchequer largely because the tax payment position was not in line with early indications. These were outweighed however by a sharp market take-over by Treasury bills, an increase in the note circulation, and maturing local authorities bills held by the authorities. Discount houses paid 104-10

	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposits	Company deposits
May 25 1976	—	10-11 1/4	—	—	—	—
Overnight	—	10-11 1/4	10 7/8-11 1/8	—	—	—
2 days notice	—	—	—	—	—	—
7 days notice	—	—	—	—	—	—
14 days notice	—	10 1/2-11 1/8	10 7/8-11 1/8	—	—	—
One month	11 1/8-10 7/8	10 7/8-11 1/8	11 1/4	11 1/4-10 7/8	11 1/4-11 1/8	—
Three months	11 1/8-11 1/4	11 1/8-11 1/4	11 1/4-11 1/4	11 1/4-11 1/4	11 1/4-11 1/8	—
Six months	11 1/8-11 1/4	11 1/8-11 1/4	11 1/4-11 1/4	11 1/4-11 1/4	11 1/4-11 1/8	—
Nine months	11 1/8-11 1/4	11 1/8-11 1/4	11 1/4-11 1/4	11 1/4-11 1/4	11 1/4-11 1/8	—
One year	11 1/8-11 1/4	11 1/8-11 1/4	11 1/4-11 1/4	11 1/4-11 1/4	11 1/4-11 1/8	—
Two years	—	—	11 1/4-11 1/4	11 1/4-11 1/4	11 1/4-11 1/8	—

* Local authority and finance houses seven days' notice, others seven days' or more. Local authority deposits are buying rate for prime paper; buying rates for four-month bank bills 11-11 1/8 per cent. Approximate rates for one-month bank bills 10 7/8-11 1/8 per cent. Approximate selling rate for one-month bank bills 10 7/8-11 1/8 per cent. and three-month 10 7/8-11 1/8 per cent. for one-month trade bills 11 1/8-11 1/8 per cent. to 11-11 1/8 per cent.

Source: Bank Rate Rates published by the Finance House Association (a) 9 p.m. Deposit Rate for small sums at seven days' notice 9 1/2 per cent. Clearing Bank 9 p.m.

**INSURANCE BAS
RATES**

Atlantic Assurance ...
Cannon Assurance ...
Address shown under Insurance
Priority Bond table.

May 25 1916	Sterling Certificates of deposits	Interbank	Local Authority deposits	Local Authority negotiable bonds	Finance House deposits	Company deposits
Overnight	—	10-11½	—	—	—	—
1-2 days notice	—	—	10½-11½	—	—	—
1-7 days	—	—	—	—	—	—
1-7 days notice	—	10½-11½	10½-11½	—	—	—
One month	11½-11½	10½-11½	11-12½	11½-12½	11½-11½	—
Three months	11½-11½	11-11½	—	11½-12½	11½-11½	—
Six months	11½-11½	11-11½	—	11½-12½	11½-11½	—
Nine months	11½-11½	11-11½	—	11½-12½	11½-11½	—
One year	11½-11½	11-11½	11½-12½	11½-12½	11½-11½	—
Two years	11½-11½	11-11½	11½-12½	11½-12½	11½-11½	—

* Local authority and finance houses seven days' notice, others seven days' for deposits of less than £100, and 14 days' for deposits of £100 and upwards. Finance houses buying rate for prime paper; buying rates for four-month bank bills 11½-11½ per cent. Approximate selling rate for one-month bank bills 10½-11½ per cent. Approximate selling rate for three-month bank bills 10½-11½ per cent. Approximate selling rate for six-month bank bills 10½-11½ per cent. Approximate selling rate for nine-month bank bills 11½-11½ per cent. Approximate selling rate for one-year bank bills 11½-11½ per cent. Approximate selling rate for two-year bank bills 11½-11½ per cent.

† Finance houses selling rate for prime paper; selling rates for four-month bank bills 11½-11½ per cent. Approximate selling rate for one-month bank bills 10½-11½ per cent. Approximate selling rate for three-month bank bills 10½-11½ per cent. Approximate selling rate for six-month bank bills 10½-11½ per cent. Approximate selling rate for nine-month bank bills 11½-11½ per cent. Approximate selling rate for one-year bank bills 11½-11½ per cent. Approximate selling rate for two-year bank bills 11½-11½ per cent.

‡ Denest Rate for small sums at seven days' notice 8½-7 per cent. Clearing Bank 8½-7 per cent.

† Atlantic Assurance ...
Cannon Assurance ...
† Address shown under Insurance
Property Bond table.

فَكَرَاهِيهِ

INSURANCE, PROPERTY, BONDS

[illegible]

Create a beautiful garden this Spring

Name _____
Address _____

[illegible]

NO

International Financial
DAIWA
SECURITIES

MINES-Continued

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

FINANCE, LAND, ETC.

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

DIAMOND AND PLATINUM

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

AUSTRALIAN

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

TINS

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

NOTES

Notes on the financial statements of the companies listed in this section. The notes provide detailed information about the companies' financial performance, including their assets, liabilities, and equity. The notes also discuss the companies' operations, their market position, and their future prospects. The notes are written in a clear and concise manner, making them easy to read and understand. The notes are an essential part of the financial statements, providing investors with the information they need to make informed decisions about the companies.

PROPERTY-Continued

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

SHOPS AND LEATHER

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

SOUTH AFRICAN

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

TEXTILES

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

PROPERTY

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

TOBACCO

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

TRUSTS, FINANCE, LAND

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

TRUSTS, FINANCE, LAND

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

INDUSTRIALS-Continued

Stock	Price	Dr	Cr	Dr	Cr	Dr	Cr
Anglo American	100	100	100	100	100	100	100
De Beers	100	100	100	100	100	100	100
Gold Fields	100	100	100	100	100	100	100
Impresso	100	100	100	100	100	100	100
Lonrho	100	100	100	100	100	100	100
Platinum	100	100	100	100	100	100	100
Roan Antelope	100	100	100	100	100	100	100
Stannary	100	100	100	100	100	100	100
Transvaal	100	100	100	100	100	100	100
Witwatersrand	100	100	100	100	100	100	100

MOTORS, AIRCRAFT TRADES

67	113	67	113	67	113	67	113
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